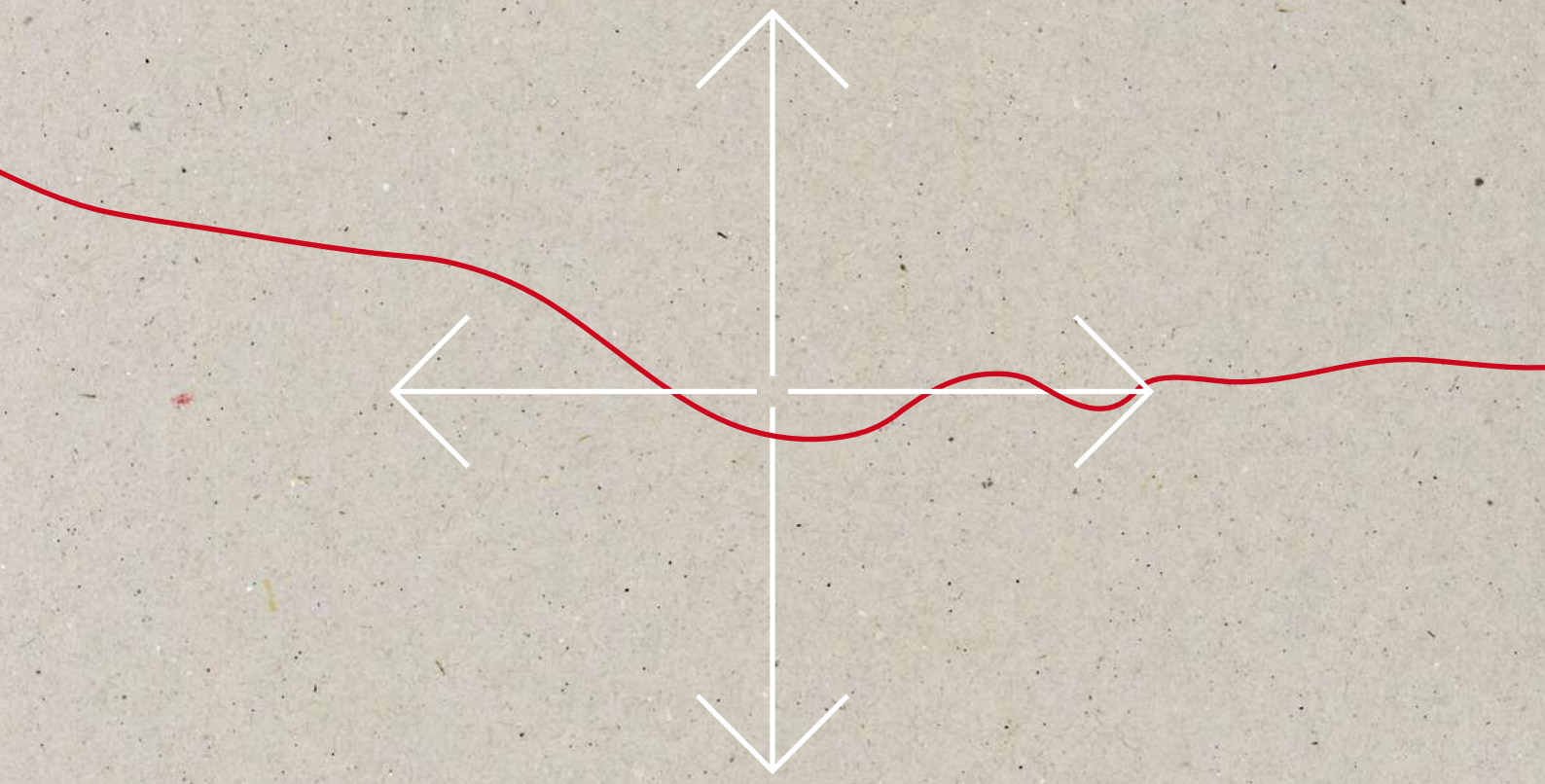
DimasoLab
Directive 2014/95/EU
Impact Assessment on Labour Relations



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PREFACE

With Directive 2014/95/EU on non-financial reporting, for the first time, certain large entities are obliged to disclose more than just financial data on their performance. This in itself is a step forward as it underlines the importance of ecological, social, governance and diversity policies for businesses and their impact on society.

However, taking a closer look at the content and scope of the Directive as well as its transposition into member state law exposes a number of shortcomings. The Directive has largely failed to fulfil the initial expectations and hopes of trade unions and civil society organisations.

Transparency as such is not a value. It will not bring any improvements unless the disclosed information can be put into context. This is only possible if the information is comprehensive, accurate and comparable. In particular, the lack of uniform reporting standards is bound to limit the quality of the information.

The long-term impact of the Directive on labour relations thus depends on two aspects, which are how legislation will further develop non-financial reporting and how trade unions and workers' representatives are involved in the reporting and process the information presented by companies. The review of the Directive can be the next important stage on a path towards better corporate accountability and real sustainability.

At any rate, trade unions and workers' representatives will have to start dealing with non-financial reports. They can potentially play a crucial role in verifying the accuracy of the information provided by companies. To make this possible, we have to build capacities.

We hope that this publication will facilitate a discussion on the future of non-financial reporting from the perspective of trade unions and workers' representatives.

Montserrat Mir Roca
Confederal Secretary, European Trade Union Confederation

DIMASOLAB

DIRECTIVE 2014/95/EU – IMPACT ASSESSMENT ON LABOUR RELATIONS

Directive 2014/95/EU (hereinafter: 'the Directive') for the first time makes disclosure of non-financial and diversity information obligatory. Entering into force on 22 October 2014, the process of transposition into national law of the EU member states followed, which was required to be concluded by 6 December 2016.

→ See page 10 for a summary of Directive 2014/95/EU.

Starting from the fiscal year 2017, certain large undertakings within the EU will have to publish non-financial statements. These non-financial statements include employment and social matters and are thus expected to have an impact on labour relations. As a result, the Directive has sparked a controversial discussion within trade unions on national and European level. Standpoints range from complete rejection in fear of deterioration to great acceptance in expectance of improvements.

"DIMASOLAB" PROJECT

The project "DimasoLab" has set out to improve the knowledge of the effects of the Directive relevant for trade unions and workers' representatives. With the insights, we hope to contribute to a critical and constructive debate on the role of trade unions and workers' representatives in non-financial reporting (NFIR).
For this purpose, a network of European experts compiled 12 country reports. The reports provided information on the country specific labour relation systems, disclosure of non-financial information before the Directive and the transposition process of the Directive into national law. Experts from Belgium, France, Germany, Italy and Spain compiled five longer country reports. Along with these, experts from Austria, Denmark, Great Britain, Lithuania, the Netherlands, Poland and Sweden conducted seven shorter country reports.

As for the longer country studies, the research was based on detailed questionnaires. Data was collected by means of desk research combined with structured interviews with stakeholders from unions, company level employee representatives and employer representatives, in which they laid out their perceptions and attitudes towards NFIR.
By contrast, the research component involving the shorter country reports followed fewer, more general questions, mainly drawing upon desk research.
During the work phase of the "DimasoLab" Project, two conferences provided a platform for exchange between the involved experts and spotlight country specificities.

→ Download the full-length country reports at www.aulnrw.de/DimasoLab

All country reports have been condensed into a synthesis report, which provides the knowledge base of this report. The findings of one of the longer country reports serve as a starting point in each chapter. Reflecting on these examples, we discuss the variations found in all other country reports.
Drawing on the synthesis report, the most relevant factors determining the impact of the Directive on labour relations were identified. These provided the basis to develop four scenarios. The scenarios precipitate the diversity of the country specific aspects into future-oriented perspectives, taking into account certainties and uncertainties that may result in fundamental alternatives. They thus leave enough room to picture different paths, while addressing the key determinants for future developments. This is especially important since there is no one-fits-all approach. The scenarios serve to foster the understanding of interdependencies and their possible impacts on labour relations and to provide a starting point for dialogue at national and European level.

In addition to the synthesis report and the scenarios, this final report includes short interviews with some of the experts who carried out the research. The interviews provide room for personal assessments and opinions in clear demarcation to the other content. This way, we want to enrich the perspective on the past, present and future of NFIR with personal experience and national specificities.

DIRECTIVE 2014/95/EU

On 22 October 2014, Directive 2014/95/EU[1] was adopted, amending Directive 2013/34/EU regarding the disclosure of non-financial and diversity information by certain large undertakings and groups. It aims to improve transparency of social and environmental information in order to identify sustainability risks and increase investor and consumer trust.
The Directive should help the measuring, monitoring and managing of undertakings' performance and their impact on society. The objective of the Directive is therefore to increase the relevance, consistency and comparability of the information disclosed by certain large undertakings and groups across the EU. This is sought to be achieved by establishing a certain minimum legal requirement as regards the extent of the information that should be made available to the public and authorities. The undertakings who are subject to this Directive must give a fair and comprehensive view of their policies, outcomes, and risks.
In the following, we provide a summary of the key elements to be found in Directive 2014/95/EU. This is to aid a better understanding of its intended outcome, the overall context and all following references to it. To make it easier for the reader, the summary does not include all legislative details.

SCOPE

The obligation to disclose a non-financial statement only applies to those large undertakings which are public-interest entities and to those public-interest entities which are parent undertakings of a large group.

Large undertakings

- **Average number of employees in excess of 500 plus**
- **Balance sheet total exceeding EUR 20 million or**
- **Net turnover exceeding EUR 40 million.**

Public-interest entities

- **Credit institutions,**
- **Insurance undertakings,**
- **Undertakings whose transferable securities are traded on the regulated market in at least one of the member states.**

Additional definitions can be applied by member states

- **The member states should ensure that adequate and effective means exist to guarantee disclosure of non-financial information by undertakings in compliance with the Directive**

Where undertakings are required to prepare a non-financial statement, that statement should contain information regarding

Environmental matters in terms of current and foreseeable impacts of the undertaking's operations, including

- **Health and safety,**
- **Use of renewable and/or non-renewable energy,**
- **Greenhouse gas emissions,**
- **Water use,**
- **Air pollution.**

Social and employee-related matters, including

- **Gender equality,**
- **Implementation of fundamental conventions of the International Labour Organisation,**
- **Working conditions,**
- **Social dialogue,**
- **Right of workers to be informed and consulted,Trade union rights,**
- **Health and safety at work,**
- **Dialogue with local communities, and/or the actions taken to ensure the protection and the development of those communities.**

Human rights

Anti-corruption and bribery

1 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095

Information for each of the above-mentioned fields must contain

- Business models,
- Policies pursued,
- Outcomes of the policies,
- Risk related to those matters,
- Non-financial key performance indicator relevant to the business.

MATERIALITY

The undertakings should provide adequate information in relation to matters that, in their assessment, might be the most likely triggers of principle risks with potentially severe impacts, along with those risks that have already materialised

SAFE HARBOUR

Information relating to impending developments or matters still subject to negotiation may be omitted in exceptional cases where the disclosure of such information would seriously compromise the commercial position of the undertaking. It has to be ensured that such an omission does not prevent a fair and balanced understanding of the development, performance and position of the undertaking, as well as the impact of its activity.

FRAMEWORKS

Non-financial statements may rely on national frameworks as well as those recognised in the EU or internationally. These include

- Eco-Management and Audit Scheme (EMAS),
- United Nations (UN) Global Compact Guiding Principles,
- OECD Guidelines for Multinational Enterprises,
- ISO 26000,
- ILO Tripartite Declaration,
- Global Reporting Initiative.

‘COMPLY OR EXPLAIN’

If policies are not yet applied, there should not be any obligation to put one in place. However, the consolidated non-financial statement has to include a clear explanation as to why this is the case.

DISCLOSURE

The non-financial statement may be disclosed either as part of the management report or a separate report. In case a separate report is published, this has to be done alongside the management report or within 6 months of the balance sheet date.

AUDITS

The objective of the audit is to ensure that non-financial statements have been prepared. Beyond that, certain member states may also require for their content to be checked.

NON-COMPLIANCE

Sanctions or fines in case of non-compliance are not provided for.

SUMMARY

The impact of NFIR on labour relations will strongly depend on the practical value of those reports as perceived by trade unions and workers' representatives. Only if it is potentially high enough, will efforts towards their utilisation be undertaken.
Another aspect determining possible impact of NFIR on labour relations are the potential contact points for trade unions and workers' representatives in NFIR. These will define whether they will want and/or have to assume an active or passive role in NFIR.

The following summary will give an overview of the key factors determining the practical value of NFIR for trade unions and workers' representatives as well as the potential contact points. These determining key factors have been identified through the synthesis of the country reports and are presented in reference to selected examples from individual countries.

SCOPE

Horizontal

The horizontal dimension of the scope is determined by the criteria according to which companies fall under the member state laws. Most member states have transposed the Directive in a one-to-one manner concerning the thresholds for the number of employees, balance sheet and turnover as well as the definitions of public interest entities (PIEs).
Denmark and Sweden are the only countries that have lowered the threshold for the average number of employees in their transposition of the Directive. Both apply a minimum of 250 instead of 500 employees, while keeping the thresholds for balance sheet and turnover close to those set out in the Directive. This is due to a somewhat different categorisation of small and medium-sized enterprises (SME) in these countries.
Sweden has introduced an additional clause obliging companies to publish NFIR regardless of whether they fall within the PIEs definition, as long as they fulfil the two other criteria.
Denmark also sees some state-owned limited liability companies as PIEs.
In France, PIEs include non-listed sociétés anonymes and non-listed investment funds with net turnover above EUR 100 million.
Lithuania has included large state and/or municipality-owned public or private limited liability companies in their list of PIEs.

The most controversial point in the discussions accompanying the transposition regarding the horizontal scope has been the definition of PIEs.
One demand has been to include at least state-owned companies with a commercial, financial or economic task because they have to fulfil an exemplary role. Beyond that, it has been argued that state-owned companies should generally be considered public interest.
A major point of criticism is the strong focus on listed companies, as this does not determine their relevance for society but only for stock markets. By way of example, in Germany, this will exclude the four largest food retailers each with a turnover of between 57 and EUR 30 billion in 2018.

In Denmark and Sweden, lowering the threshold to 250 employees will also most likely not lead to any significant increase in the overall number of companies that have to report, as the previously existing laws already covered more companies.

In France, the transposition of the Directive might even have an adverse effect because of the limited scope of the new law in comparison with the previously existing legal obligations.

The currently used horizontal scope of application significantly limits the number of companies that are obliged to report. In addition, the companies which fall within this scope of application are very likely to be those which were already publishing more information in the past.

Vertical

The reach of NFIR within the structures of corporations defines the vertical dimension of the scope. This can be through inclusion of subsidiaries and supply chains or formal involvement of stakeholders.
In none of the member states do subsidiaries have to report separately, instead, they can always be included in a consolidated statement. While this intends to limit the administrative burden placed on companies, what it also does is that it disconnects NFIR from the business and workplace level.
Supply chains were also not integrated in NFIR by any member state. In many cases today, information about the working conditions in supply chains, for example, in developing countries, is rare and can often only be obtained through NGOs or local activists. With further advancing globalisation, any information on this will gain importance for leveraging influence by trade unions and workers' representatives in the home countries of companies. Integrating supply chains, therefore, could have a particularly high practical value for trade unions and workers' representatives, generating new information.
The Directive did not explicitly mention any internal stakeholders and, as a result, it was little surprise that this was also not topical in member state transpositions.

One example for the vertical integration of NFIR, albeit not immediately resulting from the Directive, is the French Law on the Corporate Duty of Vigilance. Still, it must be seen in the context of NFIR as it can be considered 'part of a package' negotiated within the framework of the transposition process.
Coming into effect in 2017, the French Law on the Corporate Duty of Vigilance established a legally binding obligation for parent companies to identify and prevent adverse impacts on human rights and the environment. Such impacts can result from their own activities, from the activities of the companies they control, or from the activities of the subcontractors and suppliers with whom they have an established commercial relationship.
In their annual vigilance plans, which must be publicly available, the companies covered by the law have to assess and address the risks of serious harm to people and the planet.
Even though the French Law on the Corporate Duty of Vigilance may, in fact, be seen as not necessarily a component of NFIR, it is very likely that the companies who will now have to prepare and implement a vigilance plan will incorporate it into their NFIR. Introducing the vigilance plan in a separate law, on the other hand, has provided the possibility to apply it with a different scope than that of NFIR.

DISCLOSURE

According to the Directive, the NFIR can be published as part of the annual management report or as a separate document. Almost all member states have left it up to the entities to choose the format of the disclosure. Only the United Kingdom and France deviated from that.
In the United Kingdom, companies have to publish the statement as part of their strategic reports. The strategic report has to be audited for compliance with the legal requirements and any material misstatements. The audit report must state whether the information in the strategic reports is consistent with that in the annual accounts and compliant with the applicable legal requirements.

In France, the NFIR has to be published as part of the annual management report. This is not relevant for auditing as there is no automatism. However, what is noteworthy is that trade unions at company level in France have the right to write a statement on the annual management report, which has to be published alongside it. This means that trade unions in the future will have the possibility to give an official comment on the NFIR as well. In both cases, the format of the disclosure has direct implications for the verification of its content.

The publication of NFIR as part of the annual management report must not be confused with the practice of integrated reporting though. Integrated reporting implies that financial and non-financial information is published in such a way that the relationship between the two is made clear. Integrated reporting, though it was given a positive connotation in the Directive, was not topical in its transposition.

However, in Belgium, it is stated that the NFIR has to be "in accordance with" the information contained in the annual management report. Whether or not this will have an impact on the format of the disclosure or the use of certain reporting standards has yet to be seen.

Another important aspect regarding the disclosure is the availability in terms of the publication, distribution and collection of NFIR.

In several member states, the NFIR has to be published on the company website, with one example being Lithuania. In some countries, a period of time has been specified for which the report has to be kept available there. This is the case in, for instance, Denmark and Germany, with requirements for availability of 5 and 10 years, respectively. In the case of Germany, however, the period only applies if the website is referenced in the annual management report as containing the NFIR report.

In other countries, the only specification is where these reports have to be submitted for collection, namely the same register as is the case with the annual management reports. The availability, thus, depends on the publication practices of the national register. In Italy, to access the annual management reports, one has to purchase them, and this will most likely be the case with NFIR as well. This could drastically limit the availability to the broader public. Based on the experience so far, it can be assumed that many companies will volunteer to publish their reports online.

CONTENT

Materiality

The materiality analysis determines which items are considered important enough to be part of a company's NFIR. There are two components to this: the process and the subjects. Usually, materiality is determined by matching the company perspective with the results from stakeholder dialogue. How this stakeholder dialogue is organised varies between companies. At present, active involvement of trade unions and workers' representatives appears to be rather sporadic. It would be a logical first step towards real involvement in NFIR to make it obligatory for elected workers' representatives and trade unions which are partners to the collective bargaining agreements entered into by the company to be actively involved.
Looking at the subject of the materiality analysis, labour relations are usually listed as one of the points. Even in cases where they are not considered important enough to be part of NFIR, it has to be clear that in companies where employees have elected representatives, labour re-

lations have to be mentioned in all NFIR matters involving employees. Some examples of this can be found in Germany, though it has yet to be made a standard in all companies and other countries. Any other practice would have to be equated with effectively not recognising the right for employee interests to be represented.

'Comply or Explain'

The 'comply or explain' option has been adopted by all member states. This principle illustrates that NFIR is solely about disclosure, and not as much about changing the behaviour of companies. A change in behaviour could only be achieved via indirect mechanisms like pressure from markets or stakeholders.

Safe harbour

With the exception of Denmark, all member states have included the safe harbour clause in the transposition.
Trade unions and workers' representatives are critical of the safe harbour clause because its formulation leaves room for interpretation. It is feared that the safe harbour clause will be misapplied in order to avoid the disclosure of unfavourable information.

Guidelines

As stated in the Directive, the European Commission has released guidelines to help companies disclose environmental and social information[1] . These guidelines are not mandatory and companies may decide to use international, European or national guidelines according to their own characteristics or business environment. Due to the non-binding and exemplary character of the guidelines, they appear to be more of a glossary on NFIR than an element for guidance. It is unlikely that they will play an actual role for NFIR in near future. However, parts of these guidelines could serve as a blueprint for amending the Directive later on. Therefore, they cannot be ignored when considering the future of NFIR and its impact on labour relations.

The absence of binding guidelines originating from trade unions and workers' representatives raises the question of how analyses of NFIR can be designed and organised. For an analysis to be meaningful, it would be important to provide some sort of solid frame of reference that is concrete enough to provide orientation but not too complicated to be applied in practice. All the more regrettable is the fact that all examined member states have thus far refrained from stipulating specific standards.

Reporting Standards

Reporting standards have been gaining importance in the last years and, with obligatory NFIR and its blurry non-binding guidelines, this trend is very likely to continue. Regardless of the actual 'value added' seen in NFIR, trade unions and workers' representatives will need to develop a basic understanding of reporting standards.
Reporting standards can be roughly divided into item-specific and referential standards. Item-specific standards, such as ISO 14001 and the Eco-Management and Audit Scheme (EMAS), follow a rather strict certification logic. By comparison, referential standards, like the Sustainability Reporting Guidelines by the Global Reporting Initiative (hereafter GRI) and ISO 26 000, are more general and serve to give orientation and guidance instead of directing one along a predefined routine. It is also possible to differentiate between the various referential frameworks according to how they are subsequently elaborated. The ISO standards, for example, follow a periodical review every five years and, based on the outcome, a revision process

1 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017XC0705(01)

can be initiated. The development of the GRI standards, on the other hand, takes place on an ongoing basis. This is due to the nature of the organisations behind these standards. Both follow a multi-stakeholder approach but ISO develops a large number of standards for very different purposes, while GRI is dedicated to just the one topic and its continuous further development. For labour relations, what is important is that trade unions are recognised as stakeholders by both ISO and GRI.

In the transposition processes, an open formulation regarding reporting standards has been widely adopted. Usually, no framework is explicitly mentioned and it is only stated that 'recognised' frameworks can be applied.
Again, the only exception is Denmark, where the United Nations Global Compact Communication on Progress (COP), Principles for Responsible Investment (PRI) and Global Reporting Initiative (GRI) are explicitly set out as frameworks that can be applied. Even though this does not exclude any other 'recognised' frameworks, it reflects the acceptance of the ones listed and could effectively promote their use.

Reporting standards bring into play third parties that influence NFIR and its effects on labour relations. Trade unions are thus well advised to continue and, maybe, intensify their participation in further developing reporting standards.

National standards have also been developed. In Germany, for example, an increasing number of companies are using the Deutscher Nachhaltigkeitskodex (transl. German Sustainability Code). It is aligned with the requirements of small and medium-sized enterprises in particular and can be tied to the UN Global Compact and GRI.

The introduction of obligatory NFIR is likely to fuel the development of new standards that are especially designed for particular national, segment or sectoral or issue specific requirements. Concerns have been raised that standards might also be developed with the aim to minimise disclosure. The phrasing 'recognised' could prove to become problematic because it is by no means specified by whom or how a framework has to be recognised.

With the increase in the number of different reporting standards, a systemic harmonisation would be desirable in order to attain more comparable, concise and consistent corporate reporting.

Complexity

The complexity of NFIR is determined by the way in which information is compiled and presented in the reports. This, in turn, largely depends on who are considered the main addressees, as well as the reporting framework that the NFIR is oriented towards. So far, NFIR appears to be directed solely towards investors and rating agencies. Because those target groups are highly specialised in the analysis of company information, this often leads to abstract and complex NFIR. Mandatory reporting standards would allow trade unions and workers' representatives to develop the necessary analytical skills. In the mid to long-term, the absence of mandatory reporting standards may pose a problem, especially for trade unions. This is because, over time, companies will develop a reporting culture, allowing workers' representatives to develop and adjust analytical skills. Trade unions, on the other hand, will have to deal with the complexity of reporting in whole sectors, which can greatly differ between companies. This could possibly hinder the widespread acceptance and use of NFIR by trade unions. One extreme example for this is the transposition in Italy, where companies are explicitly free to apply mixed reporting methodologies.

Quality

The quality of NFIR is influenced by many different factors which depend on the reporting or analysis standards that are applied. It is therefore hard to objectively measure the quality of NFIR as it will always depend on the design of the frame of reference. This implies that trade unions and workers' representatives will have to develop their own standards for performing structured assessments of the quality of NFIR from their point of view. This becomes especially important when looking at the external drivers for the evolution of the quality of NFIR over time.

On the one hand, audits and sanctions could lead to an improvement in the quality of NFIR. Concerns regarding the possibly 'dubious quality' of NFIR in the absence of audits have been raised by trade unions, for example in Belgium. On the other hand, trade unions and workers' representatives in France are afraid that outsourcing the interpretative authority regarding the quality of NFIR to commercial auditors will have negative effects.

A second line of argumentation for the evolution of the quality of NFIR over time is competition as a market mechanism. Arguably, companies will compete for investments based on their NFIR ratings. Following on from this thought, it would be likely that expectations of trade unions and workers' representatives will not necessarily be met, as the ratings will almost solely take into account the perspective of the market participants from the capital side. Even if the quality of publications did improve through market mechanisms, one can assume that it would not automatically lead to higher quality information for trade unions and workers' representatives. Depending on the rating processes applied by the different agencies, the ratings could potentially be influenced by trade unions and workers' representatives.

ACCOUNTABILITY

Auditing

The only requirement set out in the EU Directive is that external statutory auditors and audit firms should check whether the non-financial statement or the separate report has been prepared. In addition, member states are free to require any verification processes that go beyond that. With only a few exceptions, almost all the countries have limited themselves to the minimum requirement.

A particularly noteworthy example with regard to auditing practices is Italy, where both an external and internal audit must be carried out and published alongside the non-financial information statement. The results of the internal audit must also be reported to the shareholders' meeting and included in the annual management report. Furthermore, the Italian legislation requires that the information in the non-financial information statement be consistent with the financial information in the annual management report.

Another example where auditing requirements have been extended is the United Kingdom. Since companies in the United Kingdom have to publish the non-financial statement as part of their strategic reports, the information provided has to be audited for compliance with the legal requirements and any material misstatements. The audit report must state whether the information in the strategic reports is consistent with that in the annual accounts and compliant with the applicable legal requirements.
Although external auditing requirements are limited to the minimum in Germany, interestingly,

the legislator has decided that internal audits fall within the remit of the company's supervisory board. As supervisory boards of large listed companies are composed of equal representation of the employer's representatives and workers' representatives, workers' representatives will inevitably be faced with NFIR in the future and will have to take a position on this matter.

Auditing requirements such as these increase the potential for NFIR to be compiled with grater diligence, which, in turn, could further increase their overall impact. However, in some cases, demands raised by unions were perceived not to be practicable even by the unions themselves. One documented example was the plea to include stricter rules for the auditor in Belgium, going beyond only a certificate on the release of the necessary information but, instead, including a verification of whether the given information is quantitatively and qualitatively correct and consistent with the annual account numbers. Otherwise, the trade unions anticipated reports on non-financial information of dubious quality. At the same time, trade unionists recognised that this might be difficult in practice. A similar obligation regarding the numbers on the social balance sheet already existed but auditors rarely checked these numbers because it was found to be too difficult. This will likely be the case with NFIR as well.

This presents a general dilemma as the 'administrative burden' attributed to new regulations often results in criticism and objections. However, without any control mechanisms going beyond the mere publication, the substance of the reports could possibly be watered down to an extent which would undermine their overall purpose.

However, this is not the only argument against a general extension of auditing requirements. During the consultation process, French unions were very critical of the role of auditors and the importance of audits and analyses carried out by a third party. They argued that as long as companies were free to choose any auditor they favoured, this would only foster a growing market of auditors adjusting and selling their services to company needs. This way, the interpretative authority would rest in the hands of contractors that depended on follow-up mandates by the companies they were auditing. Combined with a lack of binding guidelines, this could easily result in significantly biased analyses that would fail to take into consideration the employees' perspective, which is further exacerbated by the fact that NFIR gives plenty of room for interpretation depending on the context and frame of the report. French unions therefore argued that only an "actual independent third party" could be entrusted with carrying out audits that would find official recognition. In this regard, in Spain, the idea of social audits was brought up by trade unions. In contrast to conventional auditing practices, social audits by an independent party could verify information on employment and social matters. This could also open up new fields of actions for trade unions.

On the contrary, it can also be argued that external auditing is not necessary at all, as competition will emerge between companies through the publication of NFIR. Here, it is important to remember that the EU Directive is intended to increase transparency also for the growing segment of 'ethical or sustainable finance' and to be an additional source of information for risk management strategies by investors. Thus, the efforts and stringency applied by companies in putting together such reports could be positively influenced by competition for capital from those investors who take account of non-financial information in their market equations. Evidence of this can be seen in the various CSR competitions that have been introduced in many countries and where the company participation rate is very high. Besides asserting the company's leading position with regard to sustainable governance, winning an award for its NFIR could, in turn, have a positive effect on the social dialogue within the company.

Sanctions

Another gateway to motivate engagement could be sanctions in case of non-compliance. They could be used to build up pressure in case of diverging opinions on the content and quality of NFIR. This in itself could have an impact on labour relations, which should not be underestimated.

The majority of the countries have decided to specify fines in their respective National Accounting Acts, Corporate Laws or Business Codes. There are only a few examples, where either no sanctions at all, or very specific sanctions and fines have been introduced.

Despite explicit demands from trade unions, France has not included any sanctions or fines, though its regulations allow for any interested party to demand the disclosure of information through court proceedings. In other countries, sanctions for violations in NFIR are much more stringent and therefore more likely to have an impact. In the United Kingdom and Germany, failure to prepare and publish a NFIR according to the requirements is considered a criminal offence. In Germany, the duties of disclosing NFIR are actually ranked equal to financial reporting duties. The German law thus foresees imprisonment of up to three years or monetary fines in case of premeditated incorrect account or concealment of the company's circumstances in NFIR. In addition, the provisions concerning fines have been extended to include NFIR as well. In particular, withholding information or giving inadequate information on environmental, employee, social, human rights or anti-corruption and anti-bribery matters can be subject to fines. What can also result in fines is the failure to state the reference framework used for reporting, if one was used. In Italy, fines of EUR 20.000 – 150.000 will be applied for omission of relevant information, non-compliance or failure to submit the report within the required timeframe.

Even though no formal obligation for external auditing of the content of the NFIR has been included in the law, possible sanctions may result in the management taking more interest in voluntary external audits. If external examination is carried out, the law, in turn, requires the audit report to be published. This yields an idea of how new sources of information could be created indirectly.

Rating agencies

Rating agencies are becoming increasingly important as they play a key role in the competition for investment through market mechanisms. Their interpretative authority in terms of quality perception must not be underestimated either. Many of them come from a clearly environmental background and it is not always evident if they give employment and social factors equal consideration. The rating processes differ, but in many cases, there is at least the theoretical option to submit additional information. Handing in 'social audits' (see audits) carried out by trade unions and workers' representatives could be a way to balance out these ratings towards equal inclusion of employment and social factors and it would provide room for clarification. It should therefore be a strategic option which trade unions in particular should be very mindful of.

The only country so far where trade unions are known to play an active role in NFIR rating is France. VIGEO is a rating agency that is not part of trade union structures but has been founded by a former secretary general of the CFDT.
Also in France, a trade union label for sustainable investment has been developed from the cooperation of the largest trade union confederations, which is intended to direct investments from pension funds and employee savings plans towards sustainable financial products. Particularly, this approach can be interesting for trade unions and workers' representatives in other countries.

STAKEHOLDERS

Recognition of TU and WC

What is worth mentioning is the fact that trade unions and workers' representatives are usually mentioned as stakeholders in NFIR. However, they are seldom referred to on a substantial level, which is also a factor that can increase their indifference towards NFIR. The passive role is not necessarily chosen, as the management hardly ever involves workers' representatives in NFIR. Even in countries and companies with well-established labour relation structures, a consultation process on NFIR matters almost never takes place. In addition, only in a few cases, there are obligations to present NFIR to workers' representatives, but even then, they are not always fulfilled.

All country studies have shown the same picture: there is formal recognition of trade unions and workers' representatives as stakeholders but there is no actual involvement of them. Ownership of NFIR lies with the management, which has no intrinsic motivation to involve trade unions and workers' representatives beyond the relationships that already exist. Striving to achieve not only formal but also actual recognition could therefore present a crucial entry point for trade unions and workers' representatives into NFIR.

Another observation that can be made is that employer associations are frequently in fierce opposition to NFIR in general, while the disapproval from the company side is not brought forward as strongly. One conclusion that could be drawn from this would be that employer associations will be less willing to recognise and involve trade unions as stakeholders in NFIR than management at company level. On the other hand these seemingly divergent positions of employer associations and management at company level could be owed to 'division of labour'. While employer associations are not subject to market perceptions, companies might not want to be directly associated with negative statements regarding their reporting capabilities, fearing this could be interpreted as a lack of reporting competencies.

Engagement

In order to pursue any strategy to actively engage in and further develop NFIR, trade unions and workers' representatives will have to monitor and intervene in NFIR processes. Ideally, this would be realised by applying uniform evaluation standards for analysis across branches and countries in order to increase comparability. Besides a consensus on common evaluation standards, this would require capacity building in special skills of unionists and workers' representatives. What the French case of Legrand has shown is that various representatives from the European Works Council see an opportunity in NFIR to develop a common language and advance towards a greater uniformity of rights between the different countries of Europe. Only very few actual efforts in this direction are known so far.

Multi-Stakeholder

In many countries, governments had already established CSR platforms, forums or observatories before the EU Directive. Usually, these are multi-stakeholder forums consisting of business leaders, employer body representatives, trade unions, environmental organisations, consumer bodies and researchers.

This has brought new actors to the table where there were previously only social partners. More precisely, completely new committees have been installed next to existing bodies. This

poses opportunities, but with rather vaguely defined competencies, it may also result in conflicts of interest and competing competencies.

An example from Belgium shows that sometimes actors from civil society organisations can be outplayed by labour relation bodies. This was the case when the Federal Council for Sustainable Development Belgium (FRDO) was asked to hand in a second recommendation in addition to that of the Central Economic Council (CEC). The FRDO advises the Belgian federal government on federal policy regarding sustainable development. The members of the Council are representatives of various social groups: environmental organisations, organisation for development cooperation, employee and employer bodies, youth organisations and the scientific world. The FRDO eventually did not express any advice because of a lack of consensus. This was partly caused by the position of the Association of Belgian Companies, the only inter-professional employers' organisation that represents companies of the three Belgian regions. From the onset, they stated that they would be unable to achieve a consensus within the FRDO because their standpoints were too different from those of the NGOs and environmental organisations. This was part of a strategy to limit the implementation obligations to the bare minimum. By contrast, an agreement within the CEC, with only the social partners present, was more feasible. In this example, it becomes clear that double structures might well be utilised by single parties for strategic purposes. Until now, this seemed to have worked in favour of labour relation bodies, as it was preferred by employers' associations to have bilateral instead of multilateral negotiations. At the same time, it is not clear if this will prove true in future, especially when it comes to environmental matters.

Coalition building

Either way, it becomes clear that unions will have to rethink and further define their stance towards other civil society groups and NGOs, and their cooperation structures. This is both because they may be competing for influence but also because they are running risk of being played out against organisations with an environmental focus. In any case, trade unions and NGOs can exercise more influence in the field of NFIR acting together rather than separately. One consequence of a new approach to multi-stakeholder relations could thus be a greater need for more permanent coalition building with other actors. This could ultimately also drive the development of a social-ecological strategy for unions.

Trade unions and workers' representatives have built coalitions with NGOs for different purposes in the past. Usually, these coalitions were functional cooperations for a limited period of time. An example is the cooperation of French trade unions and NGOs for the introduction of an "ethics label" in the textile industry in 1995 and similar efforts since 2016 to introduce a label in the electronics sector. On the other hand, also in France, several specific initiatives between trade unions and NGOs have led to the establishment of formal and permanent institutions such as the CSR Platform and the Citizen Forum on CSR, promoting CSR policies and establishing long-term dialogue between different stakeholders at national level.

PERCEPTION

Attitudes help us define how we see situations and things as well as define how we behave towards that situation or thing. Attitudes also provide us with internal cognitions or beliefs and thoughts. The perception of things is therefore largely influenced by attitudes, while attitudes, in turn, shape perception. Against this background, we assume that the attitudes of trade unions and workers' representatives towards the EU Directive and NFIR will certainly determine their impact on labour relations. We have therefore identified aspects that could influence the general attitude towards NFIR and the perception of it.

Classification

In some countries, the EU Directive did not receive much attention from unions and workers' representatives as it was not perceived to be labour law. In Sweden for example, the legislative transposition process of the EU Directive was entirely void of conceptualisations of immediate worker interest in this matter. Instead, the discussion was solely geared towards actors such as investors, clients and consumers. Labour law, which is otherwise such a prominent phenomenon in Sweden, was absent from the debate about companies' disclosure of non-financial information. The legislator seems to have subscribed to a strict line of demarcation between classic labour law and corporate law/accounting law. The Swedish law and society thus perceived the EU Directive as far removed from labour law and trade unions.

By contrast, in Italy, non-financial reporting is looked at from an ethical point of view. Interviews have shown that NFIR is considered to be about integrating responsible behaviour into the company's day-to-day operations and it should therefore be based on the principle of equal dignity of all subjects involved in these business activities. In order to achieve this, social and environmental sustainability has to become a fundamental parameter of business activity, while trade unions should act as a link between the company and the regional level in order to promote NFIR as an instrument of economic democracy.

The country studies have shown that the classifications of NFIR vary widely. However, it can be assumed that the category that NFIR is perceived to fall into will influence the degree of involvement of workers' representatives and, thus, its potential impact.

Terminology

It has also become evident that in many cases terminology and its connotations are perceived very differently. In many cases, there is a reference to Corporate Social Responsibility, a vague concept leaving plenty of room for interpretation. In other cases, there is an explicit link to sustainability, which is still predominantly associated with environmental matters by labour relation actors as well as politicians.

One fact supporting this perception is the composition of the 'High Level Expert Group on Sustainable Finance in the context of the Capital Markets Union' appointed by the European Commission. It consists of players from the finance and insurance sectors, researchers and environmental organisations (i.e. WWF), but no trade unions. 'Sustainability' in this context fails to include social dimensions. There are different ways to interpret this push. One could be that there is a tendency to highlight the environmental reference of sustainability due to emerging industries, especially in the energy sector, which are interesting for the finance and insurance industries. Another take could be that politicians recognise that, while labour relations are rather well organised and have both a long history and a high degree of institutionalisation, in many countries, the dialogue between industries and environmental organisations is often way behind. In either case, the use and interpretation of terminology can be a determinant of the perception and agenda setting regarding non-financial reporting.

Often, Corporate Social Responsibility and sustainability are used interchangeably, while the concept of NFIR has not yet gained any foothold at all. This can prove to be decisive, since in many cases, trade unions and worker's representatives are rather critical of CRS, perceiving it as a marketing strategy. In order to influence labour relations positively, NFIR should be established as a clear concept in itself and it is crucial that it has a positive connotation.

Relevance

The efforts and involvement of trade unions and workers' representatives in the transposition process of the EU Directive were generally perceived to be rather restrained. It has become clear that, as of now, only very few trade unionists and workers' representatives have any idea of the topic of NFIR. Moreover, the examples have shown that even in countries and companies where NFIR has been an established concept for many years, only in a few exceptional cases were workers' representatives involved in the consultation on or the preparation of non-financial reports.

In almost all the countries, NFIR was perceived as part of a company's marketing and communication strategy for meeting the expectations of the financial community and rating agencies, rather than a true accountability tool. For trade unions and workers' representatives the fact that they are not recognised as stakeholders and are not involved in the preparation and feedback process, leaves it solely in the hands of the management to decide what information is published in the report and how. For this reason, despite the new reporting obligations, an increase in the quality of information is not really expected. The interviews that have been conducted have shown that the prevailing view of NFIR as a mere marketing tool has been one of the reasons for trade unions' previous "inactivity" in this field. Some have also admitted that NFIR matters do not rank the highest on their priority list as their focus in the past has been on the negotiations of collective agreements rather than CSR. All this gives rise to questions regarding the relevance of the given information.

Still, there are great differences between countries. Some of them can be explained by the degree of institutionalisation of social dialogue, while others are the results of the general perception of the EU Directive and its possible impacts. Remarkably, in countries with a traditionally strong culture of co-determination and high degree of information and consultation rights, such as Belgium and Germany, the information value of NFIR is not perceived as very high as there are other channels for workers' representatives to obtain the information that is needed. With regard to the EU Directive, the interviewees therefore do not expect any impact on the social dialogue. On the other hand, there is a very clear interest in the EU Directive and NFIR in countries with weak social dialogue structures. In Lithuania, for example, the EU Directive is still perceived to be a chance, despite the fact that neither trade unions nor workers' representatives had been informed about the upcoming transposition process, let alone become involved in it. Since information and consultation rights for workers' representatives are very limited in Lithuania, the new NFIR obligation is welcomed and connected with the hope of opening up a new and relevant source of information.

Another interesting finding is that the experience with existing laws on NFIR in some countries and especially in France, has led to more particular expectations and specific demands. This leads to the assumption that a certain amount of experience and expertise on the subject of NFIR will be required before workers' representatives can discover a potential field of action relevant to their cause. However, this will not happen automatically. Rather, it requires a proactive attitude towards NFIR.

In this context, the country studies have shown that there is generally a greater advocacy for NFIR among trade union representatives at national level than among workers' representatives at company level. However, even among trade unions, there are great differences regarding the perceived significance and relevance of NFIR. While representatives in Italy believed that trade unions should assume a vital role in the promotion of NFIR, some trade unions in Spain have remained dismissive of the topic. This could prove to be a critical factor, since the transposition, especially from voluntary to compulsory reporting, will require a steady diffusion of NFIR topics among workers and their representatives.

Although trade unions and workers' representatives have signalled that they perceive a potential in NFIR and are generally interested in the topic, they usually lack concrete approaches towards the utilisation of non-financial reports. All the country studies have shown that workers' representatives are hardly ever involved in the preparation of NFIR. The content of these reports has therefore been formulated solely from a management perspective. The standards and quality have not been subject to discussion and the only reason they are so hard to assess is because of non-transparent procedures involved in the preparation of the reports. As long as this is the case, the impact of NFIR on labour relations will remain weak because the content and assumed quality, and thus the relevance of the information, are determinant of the potential practical value of the report. Hence, for trade unionists and workers' representatives, it is important to seek an active role in the preparation process of the reports.

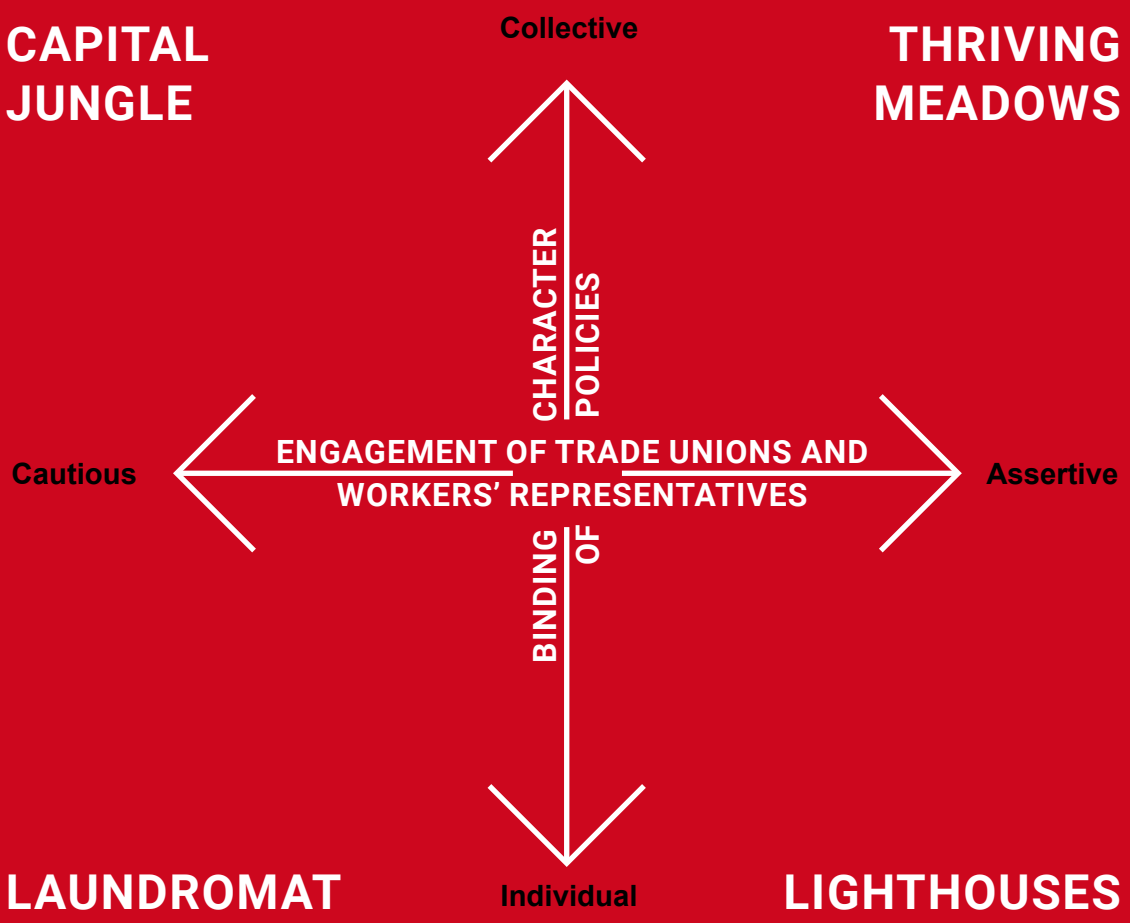
Clarity

Workers' representatives that have been working with NFIR generally stress that the complexity of the information provided is a major problem. Despite experience of several years in France, NFIR is still regarded as too dense and very technical. Workers' representatives find it difficult to dedicate sufficient time and effort to analyse the data directly. Up until now, they have dedicated their own resources to selectively working on the social data they consider a priority, in particular, during periods of company restructuring.

The European Works Council at Saint Gobain, for example, relies on an external consultancy firm to which it entrusts the data. This firm not only works on the public data, which consists of consolidated figures on the global level, but also on the internal reporting data, broken down by European country and operation. What results from such an analysis is an internal report, which is used in dialogue relating to social matters and, in particular, in the analysis of the employment risk, country by country. Moreover, it is used to shape a method to accompany any changes in the company organisation on a social level.

In this case, the non-financial data represents a significant added value. However, for workers' representatives who cannot rely on such structures and recourse for analysis, the complexity of the information presented could prove to be a major obstacle. As clear and understandable information could influence the potential practical value of NFIR just as its content and quality, again, workers' representative should strive to be involved in the process of the NFIR preparation right from the beginning.

INTRODUCTION SCENARIOS



IMPACT OF DIRECTIVE 2014/95/EU ON LABOUR RELATIONS – FOUR SCENARIOS

The "DimasoLab" Project has collected great amounts of information from 12 European countries. Describing the national labour relation systems, specifications and outcomes of legislative processes or attitudes and perceptions of stakeholders could each have been the subject of an independent study, with similar studies having been performed in the past. In this case, however, the objective was to provide a broad basis for an early assessment of the impact of Directive 2014/95/EU on labour relations.

The main challenge was to reduce the complexity of the material without compromising details or context. Therefore, in a first step, five long and seven short country reports were condensed into a synthesis report. The synthesis made it possible to identify the factors which were most likely to determine the impact of the Directive on labour relations. Thus identified factors were then further elaborated. At this point, it became clear that there was not only a great variety among the countries but also a complex interdependence between these determining factors. In order to be able to depict the alternative paths for developments and their dynamics, we chose to apply scenario building.

Scenarios do not predict the future, instead, they explore the field of tension between today's certainties and tomorrow's uncertainties. In this way, they help to anticipate possible futures and prepare for them. [1] Hence, for an impact assessment at this early stage, the scenario method was a good choice, as it provided the necessary flexibility and room for thought experiments.

The two most important drivers for the scenarios were identified as: a) the engagement of trade unions and workers' representatives and b) the binding character of policies. Engagement ranges between cautious and assertive, while the boundaries for the character of policies are individual and collective.
This is based on the key assumption that the companies' response to the Directive would be extrinsically driven. This, in turn, leads to a minimum implementation of the policies, while all decisions beyond that are taken with a view to maximising company profits.

Looking at the engagement of trade unions and workers' representatives, our starting point was to assume that they were "sceptical, though not dismissive", as this best summarises the interviews carried out as part of the project. The Directive marks the starting point of the binding character of the policies.

The time horizon for the scenarios was set in accordance with the 2030 Agenda for Sustainable Development.

While developing the scenarios, we tried to follow a clear line of argumentation, taking into account the different rationales of the actors involved. In order to reduce complexity, we did not include all actors at every point in our scenarios. Instead, we aimed to write our scenarios in a way that would provide a complete picture of the interdependencies, motives and dynamics in line with the findings from our country studies.

1 Worker participation 2030. Four Scenarios. Michael Stollt and Sascha Meinert (Institute for Prospective Analysis e.V.)

CAPITAL JUNGLE

- Focus on ecological topics and sustainable finance
- Conflicting aims between civil society actors
- Stakeholders timely played out against each other
- Seen as an accounting issue
- Little to no practical value perceived
- Marginal utilisation solely for ecological topics
- No particular importance for social dialogue
- Negative impact on labour relations

Main challenges

- Influence financial sustainability ratings towards higher prioritisation of social and governance aspects
- Ensure investment of capital from pension funds and employee savings plans in accordance with sustainability criteria

LAUNDROMAT

- Customised standards at company level
- Limited comparability due to fragmented reporting landscape
- Obligatory audits to achieve minimum credibility
- Limited use for investors
- Almost no practical value for trade unions and workers' representatives
- Interpretative authority lies with the auditor
- CSR awards as marketing tools used in the relations with customers and politicians
- Perception of relevant issues further divided between social partners
- Negative impact on labour relations

Main challenges

- Develop analytical skills to carry out 'social audits' and gain interpretative authority
- Enforce a restrictive interpretation of 'independent' third party audits

THRIVING MEADOWS

- Development of distinct analytical capabilities
- Permanent multi-stakeholder coalition building
- Social audits are common practice
- A large number of companies have to report
- Guidelines for reporting are weak but balanced
- Subjects of social dialogue broadened
- Small improvements on a large horizontal axis
- Distinct social-ecological strategies within trade unions and workers' representatives
- Positive impact on labour relations

Main challenges

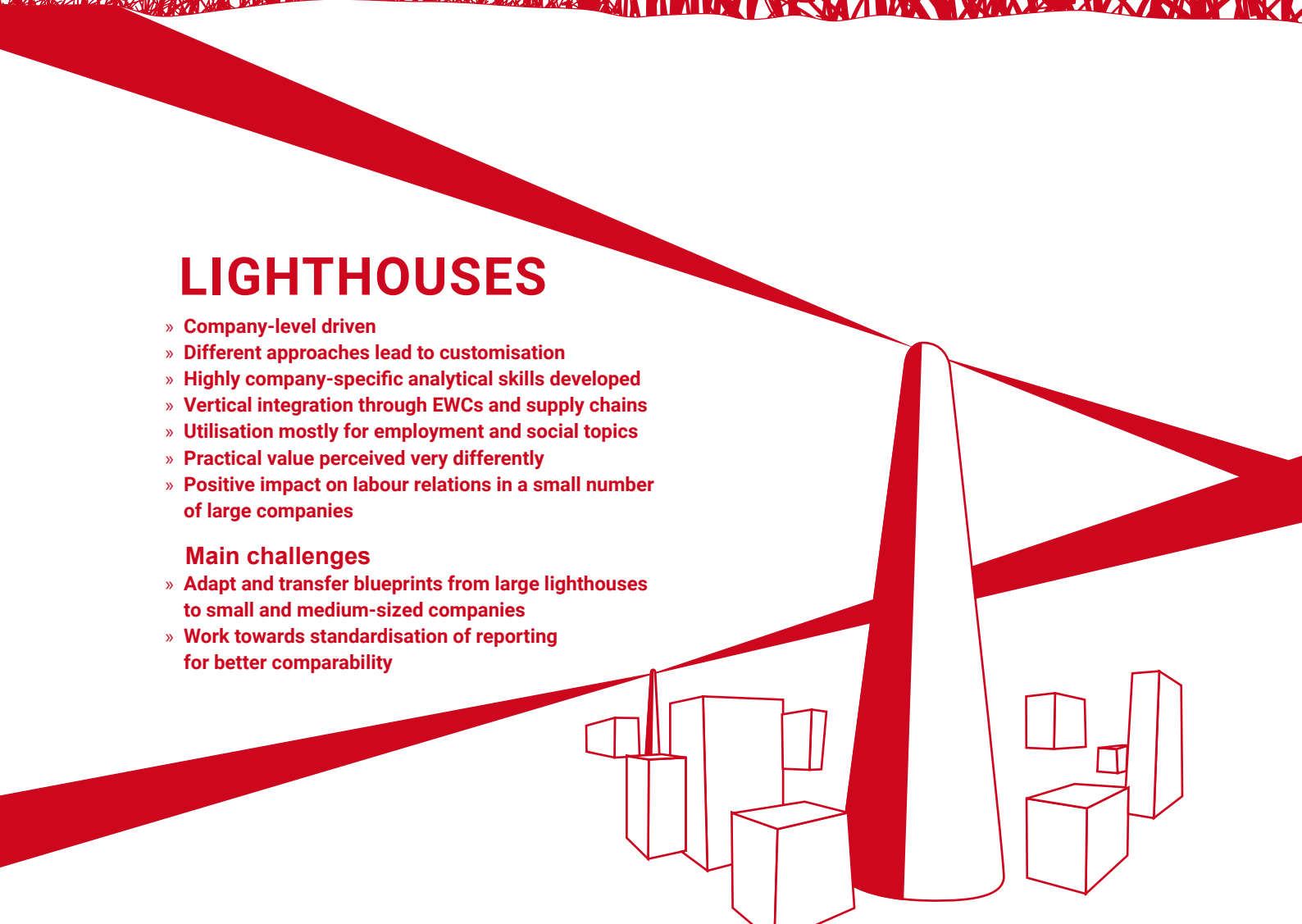
- Build and maintain a strong coalition with NGOs despite of partially conflicting aims
- Work towards improving the quality of NFIR content

LIGHTHOUSES

- Company-level driven
- Different approaches lead to customisation
- Highly company-specific analytical skills developed
- Vertical integration through EWCs and supply chains
- Utilisation mostly for employment and social topics
- Practical value perceived very differently
- Positive impact on labour relations in a small number of large companies

Main challenges

- Adapt and transfer blueprints from large lighthouses to small and medium-sized companies
- Work towards standardisation of reporting for better comparability



Capital Jungle

Directive 2014/95/EU and its transposition did not fulfil the initial expectations of trade unions and workers' representatives. Nevertheless, obligatory NFIR seemed to have at least some potential for their cause. Trade unions and workers' representatives thus decided to monitor how NFIR would develop in the following years and then start to devise strategies. The weak guidelines and the absence of critical NFIR analysts allowed companies and the finance industry to adapt NFIR to capital market needs. Instead of improving transparency with regard to environmental protection and the improvement of social rights, the way the reporting was designed solely benefited investor relations. This became even more apparent as the growing sector of sustainable finance increasingly gained in importance. Because sustainable finance often focuses only on the ecological benefits, rather than social and employment issues, this resulted in a strong emphasis on ecological topics. After the first years, trade unions and workers' representatives therefore perceived NFIR as mainly serving the particular interests of the capital markets with very little practical value for their work. Afterwards, the efforts by unions to work with NFIR or to influence the further development of binding policies steadily declined.

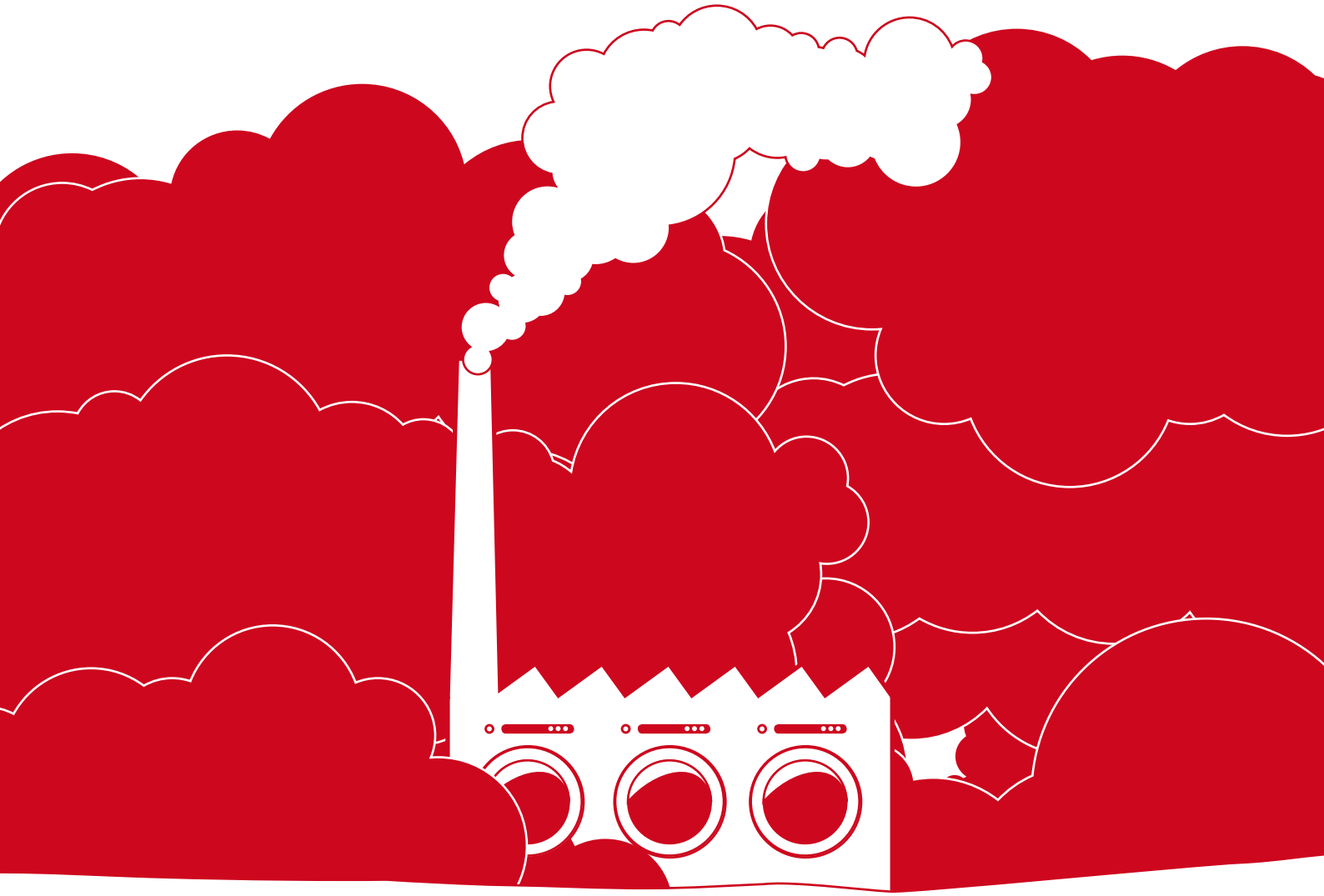
This provided companies and the financial industry with an opportunity to permanently shape the future of NFIR to suit their own needs. Trade unions and workers' representatives had ceased in their attempts to exert serious influence on the reporting standards and, without that, there was no lobby for labour related matters. With fewer parties at the table, there was less controversy in the consultation process for the revision of the Directive and what resulted from this was an agreement which included binding reporting guidelines. However, the content of the guidelines cemented the shift towards a solely "green" perception of sustainability. This generated even more interest and ambition among NGOs dealing with environmental issues. Soon, bodies for "ecological-partners" were established, institutionalising the ecological dialogue between companies and environmental NGOs. This development led to conflict lines appearing between trade unions / workers' representatives and NGOs. As they started to compete for influence, the interests of trade unions, workers' representatives and NGOs were also timely played out against each other. The only winners are the non-financial rating agencies, which have gained importance for investor relations.

Today, trade unions and workers' representatives perceive NFIR as an accounting issue only important for capital markets and some environmental activists. As a result, trade unions and workers' representatives not only lack interest in NFIR but also the skills to deal with it. They make only marginal use of NFIR for ecological topics. The NGOs participating in the "ecological dialogue" are increasingly seen as competitors. There is no longer any aspiration on the part of trade unions and workers' representatives for NFIR to play a significant role in social dialogue. Neither is there a desire for fostering multi-stakeholder coalitions. Moreover, they are alarmed that the one-dimensional perception of sustainability might be working against them in the long-term. The impact of Directive 2014/95/EU on labour relations in 2030 is negative. This is because of little to no practical value for trade unions and workers' representatives combined with growing importance of other stakeholders

- **Focus on ecological topics and sustainable finance**
- **Conflicting aims between civil society actors**
- **Stakeholders timely played out against each other**
- **Seen as an accounting issue**
- **Little to no practical value perceived**
- **Marginal utilisation for solely ecological topics**
- **No particular importance for social dialogue**
- **Negative impact on labour relations**

Main challenges for trade unions and workers' representatives:

- **Influence financial sustainability ratings towards higher prioritisation of social and governance aspects**
- **Ensure investment of capital from pension funds and employee savings plans in accordance with sustainability criteria**



Laundromat

Directive 2014/95/EU and its transposition did not fulfil the initial expectations of trade unions and workers' representatives. The EU Directive on NFIR was expected to improve the image of CSR, bringing about a shift from mere public relations matter to serious business, but it ended up being limited in scope and with too little binding character in terms of the means of reporting. The critics, who had seen this coming, were assured that NFIR would not lead to any improvements for civil society. Those who had previously hoped for progress were disappointed and mostly decided to direct their efforts towards other policy areas. This left the playing field to a growing industry of consultants, offering their services to companies: after all, the weak binding guidelines had left a lot of room for interpretation and creativity. Greenwashing, redwashing or whitewashing? Just name the colour of the company image you are looking to achieve and they took care of the communication strategy that went along with it. This also fuelled wild growth of "customised standards", which gave rise to a fragmented reporting landscape with little comparability. Non-financial rating agencies and investors were, of course, aware of this development as well. If this did not change, NFIR would remain of limited use for investment decisions.

When the revision approached, non-financial rating agencies and investor organisations thus started to lobby for obligatory audits by independent third parties. This was supposed to be an effective measure to improve the reliability of NFIR, effectively making it sufficient for risk management purposes. There was no noteworthy active opposition from trade unions and workers' representatives or civil society; some even hoped that this would finally lead to NFIR serving the long-hoped purpose of improving ecological, social and governance issues. When the first audit reports started to appear, it became clear that this would most likely not be the case. Instead, the interpretative authority over NFIR now lay with branches of the same consulting agencies that had put them together in the first place. Of course, they were not allowed to do reporting and auditing for the same company, but still, there was too much dependency in other business fields to guarantee complete impartiality.

The scope of NFIR today is still restrained to those companies which were required to report when the directive was first introduced. Beyond that, only two types of companies make use of NFIR: those who consider sustainability to be at the core of their brand and those who have a lot of dirty laundry. Trade unions and workers' representatives are therefore not working with NFIR in a way different from that in 2016. Their analytical capabilities are limited to basic assessments. They do not carry out branch or country comparisons as these appear to be too costly to achieve. What the basic assessments do identify, however, are some fields of reporting where the perception of trade unions and workers' representatives differs most from that presented in NFIR and the audit results. Nonetheless, the results of trade union assessments are mostly used to criticise the incongruence of the many CSR awards, whose number has steadily increased over the past years. This is because CSR awards have proven to be an effective means of brand building in the eyes of customers and politicians. NFIR is left without almost any practical value for trade unions, workers' representatives, and social dialogue. Instead, it is increasingly becoming more of an obstacle when management refers to it. The impact of Directive 2014/95/EU on labour relations in 2030 is negative because it has further divided the social partners and weakened the interpretative authority of trade unions and workers' representatives.

- Customised standards at company level
- Limited comparability due to fragmented reporting landscape
- Obligatory audits to achieve minimum credibility
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Main challenges for trade unions and workers' representatives:

- Develop analytical skills to carry out 'social audits' and gain interpretative authority
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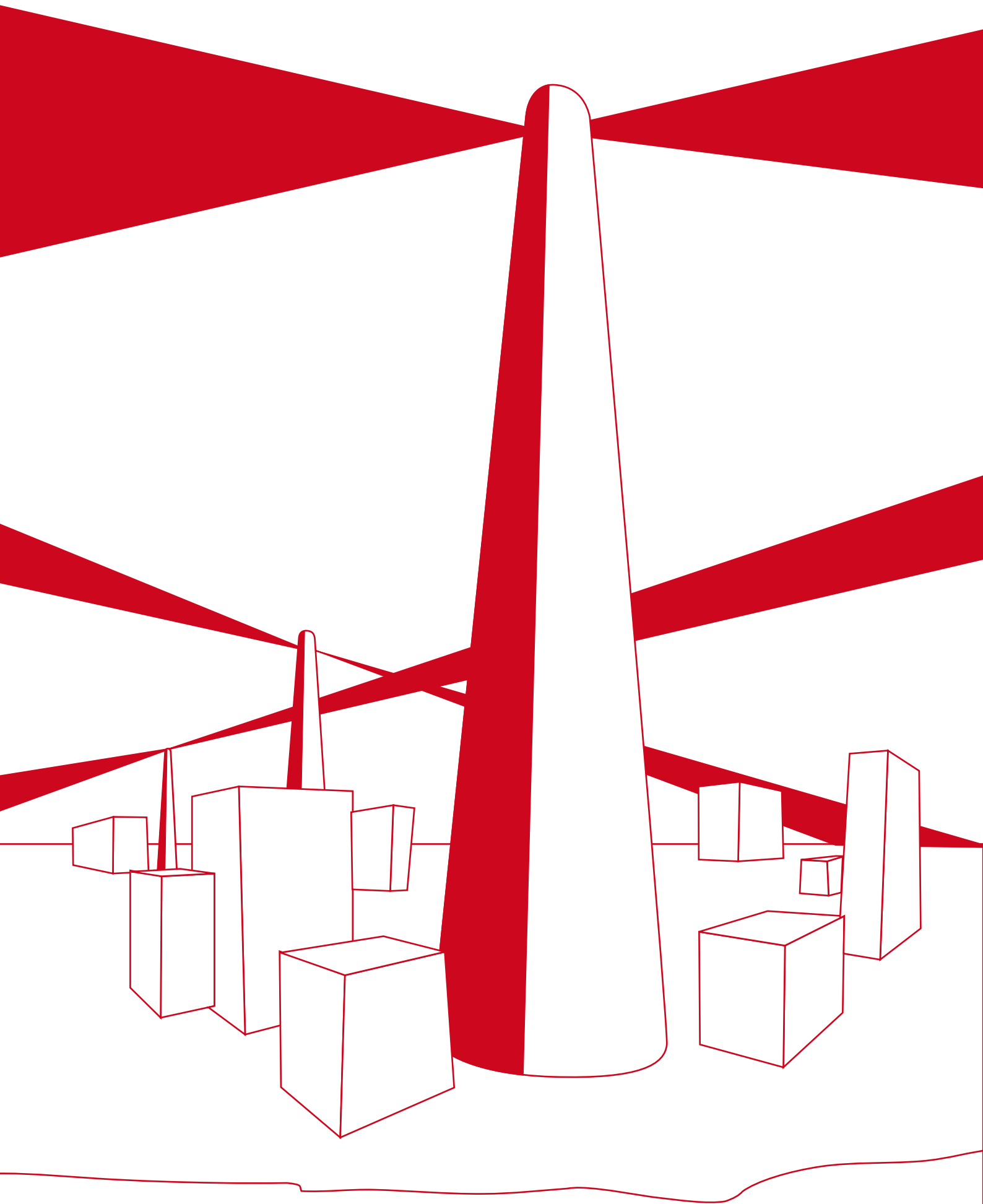

Lighthouses

Directive 2014/95/EU and its transposition did not fulfil the initial expectations of trade unions and workers' representatives. Nevertheless, obligatory NFIR seemed to have at least some potential for their cause. Trade unions and workers' representatives decided to start utilising NFIR in those branches and companies in which they were already well organised. They concentrated on establishing voluntary agreements that went beyond the legal framework and, most importantly, specified the role of trade unions and workers' representatives. It was possible to realise this with rather few resources as without having to establish any new structures. The company agreements resulted in a wide range of "laboratory spaces" focusing on different topics. While some set their priorities on strengthening the position of the European Works Councils (EWC) in the consultation processes, others tried to push for the integration of supply chains into NFIR or the extension of the list of topics to be covered. All those efforts were undertaken in large companies only, which resulted in an inhomogeneous picture of NFIR. While some pioneer reports were ambitious and of high quality, the broad majority significantly lacked substance. Furthermore, the individual approaches led to a wide range of customised standards, complicating branch and country comparisons.

When the revision of the Directive came closer, trade unions and workers' representatives decided to concentrate on two demands. Looking at their experience so far, it seemed realistic to explicitly require that EWCs be part of the NFIR consultations in places where such councils existed. The other, much more ambitious demand, was for a "European Law on the Duty of Vigilance" following the French example. Both would only concern the largest companies, most of which were already applying somewhat similar practices and thus the objections were not expected to be very strong. At the same time, trade unions and workers' representatives were hoping for a trickle-down effect, on a transnational scale as well as on the business side. They achieved a partial success, as both demands were met, but the threshold for the "European Law on the Duty of Vigilance" was set at 50.000 employees. With all this already in place, trade unions in some sectors were able to negotiate social partner agreements that specified a small set of minimum reporting standards and key performance indicators for employment, social and supply chain issues. After all, it would make life easier for the management as well, now that trade unions and workers' representatives were already actively involved.

Today, in a small number of companies, NFIR is highly utilised in social dialogue. Typically, those companies are found within the largest 5 % in Europe and confined to specific sectors. In the other 95 %, NFIR plays, if any, only a marginal role in social dialogue. In those 5% of companies, NFIR has helped to push employment and social issues vertically. In most cases, ecological and governance issues are being addressed by trade unions and workers' representatives as a by-product only. Highly company-specific analytical skills have been developed by trade unions and workers' representatives, enabling for detailed and complex in-depth analysis. Trade unions and workers' representatives thus perceive the practical value of NFIR very differently, depending on the company size. Some argue that those pioneering companies were the ones which already had historically well-functioning social dialogue and thus the impact of the Directive was very limited. Others believe that the lighthouses that have been created this way will in future be used as blueprints in negotiations and legislative processes. The impact of Directive 2014/95/EU on labour relations in 2030 is positive in a small number of large companies.

- Company-level driven
- Different approaches lead to customisation
- Highly company-specific analytical skills developed
- Vertical integration through EWCs and supply chains
- Utilisation mostly for employment and social topics
- Practical value perceived very differently
- Positive impact on labour relations in a small number of large companies

Main challenges for trade unions and workers' representatives:

- Adapt and transfer blueprints from large lighthouses to small and medium-sized companies
- Work towards standardisation of reporting for better comparability

Thriving Meadows

Directive 2014/95/EU and its transposition did not fulfil the initial expectations of trade unions and workers' representatives. Nevertheless, obligatory NFIR seemed to have at least some potential for their cause. Trade unions and workers' representatives decided that they could not wait for too long before starting to act, otherwise NFIR would run the risk of soon being utilised by capital market actors only. But where to start? The absence of binding standards for NFIR resulted in individual and complex reports, while analytical resources were scarce. However, NFIR could only ever be of any practical value if trade unions and workers' representatives were able to make the content usable and assess the quality across countries and branches. In order to deal with this, trade unions and workers' representatives timely joined forces with NGOs on national and European levels to establish expert networks on NFIR. Soon, it became clear that they had different perspectives on many topics, but at this stage, the practical benefits outweighed ideological conflict lines. First success stories started to appear where trade unions, workers' representatives and NGOs were able to influence the publication of NFIR or use it for bargaining and individual campaigns. Most coalitions remained project-oriented, dissolving soon after they had achieved their short-term goal.

Still, one thing remained especially unsatisfactory for trade unions and workers' representatives. The threshold of 500 employees combined with the criteria for revenue, balance sheet totals and types of enterprises drastically limited the number of companies within the scope. Lowering the bar would really make a difference but trade unions and workers' representatives would not be able to drive this change alone. A joint effort with other stakeholders would be key. Putting aside their different demands regarding the content of NFIR, a broad "Transparency Alliance" for expanding NFIR obligations to a larger number of companies was established at European level. Even a lot of consulting agencies supported this idea, as they believed it would stimulate their business activities. The timing played out well. Because the "Agenda 2030 for Sustainable Development" had until then fallen short, politicians felt pressure to act. In addition, the narrative of the administrative burden resulting from NFIR had lost some of its footing. This was primarily thanks to research on the situation in France, Denmark and Sweden, where the Directive had already been transposed to varying extents. In a well-coordinated strategic approach, the Transparency Alliance managed to enforce its demand during the revision of the Directive.

Thereafter, the number of companies falling within the scope increased significantly, giving NFIR a boost. Utilising NFIR still does not enable great leaps, but in those countries and companies where there was little to no information before, it helps to achieve improvements. It has become common practice for trade unions and workers' representatives, who are well-recognised as stakeholders in NFIR, to carry out "social audits" as a counterbalance to commercial rating agencies. Permanent coalitions with NGOs help to keep NFIR mostly free from conflicts of interest in the civil society, driving the development of clear social-ecological strategies within trade unions and workers' representatives. NFIR thus plays an accepted role in labour relations, fostering them where they were weak or non-existing. Additionally, it extends the horizon of social dialogue to cover ecological and governance issues. The impact of Directive 2014/95/EU on labour relations in 2030 is positive because it has strengthened them on a horizontal axis in terms of coverage and topics.

- Development of distinct analytical capabilities
- Permanent multi-stakeholder coalition building
- Social audits are common practice
- A large number of companies have to report
- Guidelines for reporting are weak but balanced
- Subjects of social dialogue broadened
- Small improvements on a large horizontal axis
- Distinct social-ecological strategies within trade unions and workers' representatives
- Positive impact on labour relations

Main challenges for trade unions and workers' representatives:

- Build and maintain a strong coalition with NGOs despite of partially conflicting aims
- Work towards improving the quality of NFIR content

INTERVIEW
ANTONIO FERRER MÁRQUEZ

Name	**Antonio Ferrer Márquez**
Country	**Spain**
Organization	**Union Institute of Work, Environment and Health (ISTAS-CCOO)**

What is your personal motivation for working on topics related to non-financial reporting?

As a union technician, my main motivation is to inform and sensitise workers about the importance of these issues to achieve an improvement of their working conditions, the environmental behaviour and social impact of companies and the important role that workers can and should play in this context.

When did you first start working on topics related to non-financial reporting?

I started working in this field in 2004, promoting the access of workers to environmental information of companies and work centres within the framework of environmental management and communication tools used for companies (environmental management systems, emissions reports, environmental permits, etc). In 2009, at the request of my organisation, I did my first analysis of the environmental information contained in a sustainability report of a large Spanish global company. In 2014, I coordinated a European Union project on the participation of workers in CSR policies, in which one of the objectives was to train workers' representatives to analyse the sustainability reports of their companies.

What has changed since then?

The importance given by companies to what and how they report has been growing in recent years, to the point that sustainability reports have become a tool for management and, in many cases, for business marketing. The information contained in the NFIR has been increasing in amount and adapting, gradually, in response to the demands of some of the stakeholders (investors and shareholders mainly) and the growing social awareness of of these issues. But the disclosure process continues to be characterised, to a large extent, by voluntariness, unilateralism and self-regulation, and it is driven by companies mainly, with little influence and involvement on the part of the stakeholders.

What benefits can trade unions in particular draw from non-financial information?

The first benefit is the opportunity to obtain broad and diverse information (albeit sometimes imprecise) which can be useful for the work of the unions on topics such as the working conditions in the company and in the subcontracting chain, the management of the environmental impact and the improvement of relationships and communication with civil society.

The NFIR are a manifestation of CSR and, in this framework, the role of workers and their representatives should be to participate and collaborate in the management of the company's impact on society and in the way it returns benefits to society.

What is the most remarkable difference in your country regarding non-financial reporting compared to other European countries?

In Spain, there is a long tradition of disclosing NFIR by large companies, mainly on a voluntary basis. The number of companies disclosing NFIR is relevant (more than 450). It is also important to note that there is an advisory and consultative body on CSR issues, the State Council for Corporative Social Responsibility (CERSE), which is the first of its kind in Europe.

In CERSE, administration, employers organisations, trade union organisations and institutions with specific interests and responsibilities in CSR are represented.

Likewise, Law 2/2011 on Sustainable Economy collects several provisions to promote CSR policies regarding administration and companies. For instance, government limited companies and public corporate entities under government administration must submit annual corporate governance and sustainability reports according to commonly accepted standards. However, for a couple of years, the activity of CERSE has been paralysed by the Government's political decision and the application of the Law on Sustainable Economy has also been limited.

What has been the biggest setback for working on non-financial information?

One of the biggest setbacks was that the activity of CERSE was stopped, as I have mentioned before. In this body, many people, including colleagues from my organisation, were developing very important work on issues of non-financial information and CSR.

How do you see the future of non-financial reporting?

In my opinion, more and more companies will start disclosing NFIR and the information obligations will also be greater. However, the speed and depth of the changes will depend, to a large extent, on the commitment by both social organisations in general and significant stakeholders, as well as the pressure that these will exert. As I have mentioned before, one of the main drivers for this is in the capital market itself, where, for example, we are currently witnessing an explosion of green and social bonds and financing committed to the environment. This will undoubtedly be an impetus for companies to increase their transparency and their obligations regarding non-financial information.

What should be the next steps for unions in dealing with non-financial reporting?

NFI reports must be a vector for union participation in CSR policies and a tool for trade union actions.

At company level, unions must sensitise workplaces about the importance of workers and their representatives becoming involved in these issues. The purpose must be to validate and verify the information generated and published by the company and to provide the union with a point of view, without endorsing false processes, and ensuring that what is communicated corresponds to the commitments made by the company in its CSR policies. This is what could motivate an improvement in the quality of reports and a greater impact on labour relations at the company level.

What are your political demands for the further development of non-financial reporting?

In Spain, transposition of Directive 2014/95/EC does not go beyond the requirements established in the Directive. However, as a result of pressure from social organisations and political parties, it is predicted that the Spanish Parliament will discuss and approve a new rule on non-financial information in the coming months which, according to the commitment reached, will go beyond what is established in Directive 2014/95/EU.

My main political demand in this context is that the future regulation consolidates and broadens the obligation to publish NFIR by companies, quantitatively and qualitatively improving the information contained in the reports and recognising the role that workers and their representatives have in this field.

INTERVIEW
JAN CREMERS

Name	**Jan Cremers**
Country	**The Netherlands**
Organisation	**Amsterdam Institute of Advanced Labour Studies/Tilburg Law School**

What is your personal motivation for working on topics related to non-financial reporting?

As a member of several European networks that deal with company law, I have published reports and articles in this area. This fits in with a broader analysis of the possibilities for a workers' voice in company law.

When did you first start working on topics related to non-financial reporting for the first time?

I started working in this field in 2011 as member of a network dealing with the disclosure of non-financial information. The then existing SEEurope network, originally installed as a group that assisted the Europe Trade Union Institute (ETUI) with analyses and research in the field of the European Company Statute (SE), decided to follow in a critical manner on the research into non-financial information which had been commissioned by DG Internal Market and Services at the European Commission. We surveyed the legal framework and practices in the 28 EU countries regarding non-financial and sustainability-related reporting by European companies and the role and involvement of trade union representatives in this form of reporting.

What has changed since then?

In the spring of 2011, DG Internal Market and Services installed an Expert Group on the disclosure of non-financial information by EU companies. The Expert Group was established to provide expert advice in the context of the impact assessment being planned by the EC of the disclosure of non-financial information by companies. In the work of the EC Group and in the commissioned research, there was no reference to non-financial reporting addressed to the workforce, although, according to EU Directive 2003/51 EC, annual company reports and consolidated reports should not be restricted to the financial aspects of a company's business.

Therefore, in that same year, we started a SEEurope inquiry into the current legal framework and current practices with regard to non-financial reporting on sustainability-related issues in various European countries. This led to the ETUI publication Non-financial reporting beyond the strict minimum: is the workforce a well-informed stakeholder? [1] The report served as a background paper for the work by ETUC towards the conclusion of EU Directive 2014/95/EU.

1 https://www.etui.org/Publications2/Working-Papers/Non-financial-reporting-beyond-the-strict-minimum-is-the-workforce-a-well-informed-stakeholder

What benefits can trade unions in particular draw from non-financial information?
They can use it to become more involved in the environmental debate and develop environmental policies for their industries. In some places, this has already happened, as we have shown in our publication. Also, it could help to stress how the adoption of a sustainable long-term approach by companies, corporate governance, CSR is linked to employee participation.

What is the most remarkable difference in your country regarding non-financial reporting compared to other European countries?

Notwithstanding extensive rights for workers' representatives in general, as described in the country report, non-financial reporting continues to be a part of a unilateral process. Items going beyond the workplace are scarcely reported and the reporting tends to remain a management prerogative.

What has been the biggest setback for working on non-financial information?
The national implementation in the Netherlands was too 'copy and paste'.

How do you see the future of non-financial reporting?
Worker representatives are not prominently involved in the development of reporting systems. The risk is that this aspect will remain a matter of symbolic lip service. The result will be that workers representatives will no longer strive to make use of what is otherwise an important source of information.

What should be the next steps for unions in dealing with non-financial reporting?
The suggestions in the 2011 report are still topical. There are examples in which the unions have been trying to clarify the provisions on non-financial performance indicators. This can lead to participation in national standardisation or in rating institutions, or to union campaigns in favour of the development of national sustainability codes.

Also, there are bridges missing between 'ordinary' workplace-related issues and sustainability goals. The European Works Councils in particular can have an important monitoring role in verifying the correct application of reporting policies.

What are your political demands for the further development of non-financial reporting?
In order to be more than a unilateral top-down process, the participation of workers' representatives at the highest level of decision-making is the only guarantee of a more equal footing in reporting issues.

NON-FINANCIAL REPORTING PREVIOUS TO DIRECTIVE 2014/95/EU

This first chapter gives an overview of the various legal provisions and practices with regard to sustainability or non-financial reporting prior to Directive 2014/95/EU in the twelve countries that were the subject of examination in the DimasoLab Project. It also shows the extent of involvement of workers' representatives and trade unions in non-financial reporting.

Generally speaking, one can find some form of non-financial reporting in all the countries concerned. However, a distinction can be made between countries where previous national legal obligations to disclose non-financial information already existed, in some cases even dating back to the 1970s (France, UK, Sweden, Denmark, Belgium, Poland, Austria) and countries where non-financial reporting obligations did not exist at all or were only applied to a small and specific group of entities so that this type of reporting had mostly taken place on a voluntary basis (Spain, the Netherlands, Germany, Italy, Lithuania). We will first concentrate in detail on the voluntary reporting practices and the involvement of workers' representatives in Spain and, subsequently, present our findings in relation to the other countries.

Sustainability reporting in Spain

Since the Law on Sustainable Economy was introduced in 2011, Spanish state-owned companies and public corporate entities under government administrations have been obliged to prepare annual sustainability reports disclosing non-financial information using commonly accepted standards. In reality, however, this obligation was not fulfilled by all entities that fell within the scope of the law. All the more surprising is the fact that in 2017 87% of the 100 largest corporations and limited companies in Spain, including all the 35 listed companies (IBEX35), produced such reports, although they were not legally required to do so. 60% of these companies even published a non-financial report separate from its annual management report. Thus, Spain can be seen as a pioneer when it comes to voluntary reporting.

Spanish enterprises have proactively adopted Corporate Social Responsibility (CSR) strategies and standards. With 75% of the 100 largest companies in Spain following the Global Reporting Initiative (GRI) standard, Spain ranked among the top 10 countries with regard to the level of implementation of the GRI guidelines.

The accounts given by the companies were predominantly consolidated reports of parent companies or business groups based in Spain. Only 8% included specific information from daughter companies as well. The reports covered environmental, social and labour related matters, as well as aspects of human rights, anti-corruption, local communities, clients and the supply chain. However, information on the supply chain constitutes the most deficient aspect covered. By contrast, Key Performance Indicators (KPI) were included in the majority of cases, while all reports mention stakeholders, with the most relevant ones being investors and shareholders, as well as environmental and civil rights initiatives, and initiatives in the third world. Trade unions were only mentioned in exceptional cases. Many of the IBEX35 companies organised an annual meeting with stakeholders, though the participation rates remained very low. Disclosure to stakeholders was most commonly practiced via press releases and the facilitation of access to the management report on the company's website. With no organised dialogue, the reports were clearly unidirectional.

The Spanish government promoted the development of CSR policy through the establishment of the State Council on Corporate Social Responsibility ("Consejo Estatal de Responsabilidad Social de las Empresas - CERSE) in 2008. This advisory and consultative body under the supervision of the Ministry of Employment and Social Security was created with the aim of bringing together representatives of various interest groups linked to CSR, with the purpose of monitoring the development and implementation of CSR policies and reporting on initiatives and regulations in this field. Its objective also included the search for greater standardisation in the reports that companies and organisations published voluntarily.

Involvement of Spanish workers' representatives in CSR promotion

Another outstanding characteristic regarding Spain and its sustainability reporting was the strong involvement of Spanish workers' representatives in CSR promotion. There was a progressive union decision to interfere in policies and practices related to CSR. At institutional level, Spain's largest trade union, Comisiones Obreras (CCOO), and other trade unions actively participated in the aforementioned CERSE by, for instance, bringing in proposals for indicators to be used in the reporting, or coordinating working groups. Moreover, unions had influenced the Spanish Strategy on CSR by succeeding in having unions explicitly recognised as a stakeholder group. The Confederation of Trade Unions of CCOO as well as some Territorial Confederations and the State Federation of CCOO had experts carrying out and unfolding work that had begun to translate into union action in some companies.

At the height of the activities in 2010, the Executive Committee of CCOO approved a series of CSR criteria to be included in the negotiation of collective agreements, with the employer's side coming to accept a positive attitude towards the inclusion of some of these recommendations. However, with the political changes in 2011, which resulted in a more conservative government and the labour market reform in 2012, all these attempts were abandoned.

Despite this, there are notable examples of clauses already incorporated into collective agreements or Global Framework Agreements, which are:

- **the Collective Banking Agreement (2015-2018) including an article regarding social responsibility and socially responsible investment,**
- **the Global Agreement for Offices in the GAMESA Group signed by the Spanish manufacturing company GAMESA and the Global Union Federation IndutriALL to reinforce the inclusion of social, labour and environmental aspects in CSR policies and corporate codes of conduct, and**
- **the General Agreement of the Chemical Industry stating whether CSR actions or initiatives are being carried out which must be reported to the workers' representatives periodically, indicating their possible impact on the working conditions.**

Information and consultation rights of Spanish workers' representatives

Within companies, workers' representatives are supported through comprehensive information and consultation rights. The basis for individual and collective labour relations in Spain is the Workers' Statute which establishes in its Article 64 the right for works councils to be informed and consulted by employers on issues that might affect workers, as well as on the company's performance and employment evolution. It further stipulates that the works council must be informed quarterly on specific CSR aspects, such as recent and expected developments in the company's activities, including environmental measures with direct repercussion on employment, as well as statistical data on absenteeism and its causes, occupational injuries and sicknesses and their consequences, work accident rates, specific or periodical studies on the work environment and the preventive mechanisms implemented.

Members of works councils are also entitled to receive information, at least on an annual basis, on the companies' implementation of equal gender opportunity policies, which must include data on the proportion of male and female workers across different professional categories, and on any measures adopted to promote gender equality or implementation of gender equality programmes. Furthermore, works councils must also be granted access to balance sheets and income statements, annual reports and, in the case of shareholder-owned companies, to the same information as that provided to the shareholders.

Article 67 not only lays down the rights of works councils but also their competencies and obligations related to CSR and sustainability, such as monitoring the compliance with labour and social security regulations and the implementation and compliance with equal opportunity principles for men and women as well as occupational health and safety conditions. It also foresees the participation, as defined by collective agreements, in the management of the company's social projects that benefit employees and their families and the collaboration with the company managers to implement all necessary measures to maintain and increase productivity and environmental sustainability, if such terms are established by collective bargaining, as well as measures to improve the work-life balance of the employees.

Despite the involvement of Spanish trade unions in the development of CSR policies and the comprehensive information and consultation rights of works councils, Spanish companies that publish non-financial reports do not consider these reports as a means for social dialogue. The involvement of workers' representatives in the elaboration and discussion of the contents is almost non-existent as most companies only provide workers' representative with non-financial reports after they have been finalised, never including them in the process of preparation. Non-financial reporting is therefore to be seen as purely unilateral, which is a feature that we will also find in the other countries examined.

Voluntary non-financial reporting prior to Directive 2014/95/EU

In the Netherlands, the government has been very active in promoting CSR and encouraging companies in various other ways than formal reporting requirements. In 2004, the Dutch Ministry of Economic Affairs set up an expert network organisation for CSR (MOV Nederland) with the aim of incorporating CSR into the core activities of Dutch companies by providing guidelines and tools to put CSR and non-financial reporting into practice.
Every year, the government conducts a study, the Transparency Benchmark, on the content and quality of CSR reports by Dutch companies, both public and private, assessing around 500 reports and awarding a prize to the company with the highest score. The Transparency Benchmark is set to stimulate self-initiative in the business world and is therefore in accordance with the Dutch government's general approach towards CSR, which is mainly based on self-regulation, with apparent success in quantitative terms.
According to a KPMG survey, more than 80% of Dutch companies disclosed non-financial information in 2015. However, taking a closer look at the completeness and quality of the information provided, there is still a great need for improvement. In 2016, a pilot study involving 26 companies was conducted among leading Dutch companies with a view to assessing their compliance with the obligations as formulated by Directive 2014/95/EU. The result was that only 50% of the companies included a non-financial statement in their 2015 management report and none of the companies met all the requirements of the EU Directive. The companies reported to a much lesser degree on matters related to human rights, bribery and anti-corruption, as compared with social and environmental matters. The researchers concluded that most of the companies had achieved significant maturity in terms of social and environmental matters but very few had experience in providing risk information relevant to other aspects.

Trade unions in the Netherlands stress the importance of non-financial reporting. In the past, the social partners in the Netherlands have, both separately and jointly, produced several statements on sustainability and CSR. On the other hand, until now, workers' representatives have not been prominently involved in the development of reporting systems, despite having extensive participation and consultation rights granted by the Dutch Works Council Acts (De Wet op de Ondernemingsraden – WOR). According to the WOR, employers should provide the works councils with information concerning the activities and financial results of the enterprise as well as with general employee related information (e.g., the number of employees,

working hours, type of contract, etc.). Works councils also have the right of information on broader topics such as diversity, anti-discrimination, environmental issues as well as the right to advice on outsourcing, supply chain management and measures related to the environment. Very often, these aspects are an integral part of investment decisions, in relation to which the works council also has a right of advice. Furthermore, the WOR formulates several tasks with regard to equal treatment, general human rights and environmental issues and provides works councils with a general right to start consultations on relevant issues by submitting proposals and presenting their opinion. The company should not take a decision on a proposal until it has been discussed at least once at a consultation meeting. If the management publishes an environmental report, this report must be submitted to the works council for the purposes of discussion as soon as possible after it has been drawn up. Notwithstanding these extensive rights for workers' representatives, non-financial reporting continues to be a part of a unilateral process. Issues going beyond the workplace are scarcely reported and the reporting tends to remain a management prerogative.

Another country with very strong information and consultation rights for workers' representatives is Germany. Social reporting is generally seen as part of the CSR policy and the government has taken measures in promoting CSR and encouraging companies in different ways to take up CSR. The government oversees a platform for CSR, the National CSR Forum, established in 2009 by the Ministry of Labour, consisting of 41 high-level experts from business, trade unions, NGOs, science and different ministries. The forum's main aim is advising the Federal Government on the further development of the CSR strategy and drawing up recommendations on individual topics. However, the last meeting was held in January 2015, although meetings should take place twice a year. So far, no recommendations regarding non-financial reporting have been made.
The German Corporate Code presents essential statutory regulations for the management and supervision of German listed companies and contains internationally and nationally acknowledged standards for good and responsible corporate governance in the form of recommendations and suggestions. Since 2015, a requirement to provide certain non-financial information in the annual management report has been in place, albeit only if there is a significant impact on the economic situation of the company.
Furthermore, in December 2016, following a two-year consultation process with civil society, business and government representatives, the government adopted the National Action Plan on Business and Human Rights. However, it has become apparent that, just like the Dutch, the German approach towards CSR and non-financial reporting is solely based on self-regulation. Nevertheless, some large companies from the chemical, energy, telecommunication and transport sectors have plenty of experience in non-financial reporting as these companies voluntarily started to produce social responsibility reports (Sozialbilanzen) as far back as the 1970s. In the following decade, the same companies started publishing their first environmental reports. They realised that in order to strengthen their reputation among their customers, the workforce, the general public and the authorities, companies were required to give account of their policies and impacts on society.
Data from the Corporate Register and the Global Compact shows that in 2016 more than 550 German companies disclosed non-financial information, though other surveys by consulting institutes and rating agencies suggest that the number is, in fact, much lower. An Ernest & Young study in 2013 came to the conclusion that 68% of the top 100 German companies were disclosing non-financial information. According to a 2016 study conducted by the Institut für ökologische Wirtschaftsforschung (IÖW), an independent ecological research institute, the number of companies providing non-financial information amounts to 300 – 320. The same study states that the 150 largest companies only constitute less than a half (48%) of these companies. Determining exact figures is therefore not easy. Much clearer is the fact that the main reference framework for reporting is the GRI, however, only a small minority of compa-

nies present KPI. Most common topics covered are those related to environmental, social and employee matters, but also to human rights. Corruption and bribery issues are not covered in great detail. At any rate, the most deficient topic is the information on labour rights and human rights in the supply chain.

For workers' representatives in Germany, the Works Constitution Act (Betriebsverfassungsgesetz) establishes comprehensive information and consultation rights for works councils and, in companies with more than 100 employees, for the economic committee (Wirtschaftsausschuss) of the works council. Additionally, works councils at group level (Konzernbetriebsrat) have special information rights. In large shareholder companies or limited companies, there is co-determination on the basis of parity within the supervisory board. Despite the extensive information and consultation rights, there is no formal involvement of workers' representatives in preparing non-financial reports. There is no formal or organised procedure with regard to the relevance analysis while preparing the non-financial information, nor is there any formal consultation with regard to establishing the materiality matrix. Nevertheless, works councils are indirectly involved as the contents of non-financial reports are often the topics of discussion and consultation between the management and the works council in their regular consultation meetings, although non-financial reporting as such is not discussed in a comprehensive manner. Since it is mandatory to inform the economic committee of the works council about the economic situation, a majority of workers' representatives also have the opportunity to read and discuss the report and its content, albeit only once it has been published.

The numbers for voluntary disclosure in Italy are drastically lower compared with Germany. With no legal requirements to disclose and no universal definition of non-financial information, recent surveys suggest that barely 36% of companies in Italy disclose non-financial information. In doing so, however, they produce a great variety of documents in terms of shape, content and quality.
Listed companies make up 25% of the total number and show a higher rate of reporting compared with non-listed companies. The manufacturing, utilities and finance sectors represent 71% of the total enterprises that produce a report, whereas the information and construction sectors are clearly lagging behind at only 10%. Even though the reports differ greatly, more than 86% use the GRI reporting framework for orientation, at least to a certain extent. However, in some cases, there is no reference to a specific standard whatsoever. No major efforts regarding the promotion of non-financial reporting are to be seen on the part of the government. In 2009, the Ministry of Labour and Social Policies established a working group that conducted a study of 30 company reports, identifying and selecting the best practice examples according to three parameters that had been proclaimed as the pillars for sustainable development of socially responsible enterprises, namely economic, social and environmental parameters. Apart from that, there have not been any proactive activities.

The same applies with regard to Italian trade unions. Trade unions sporadically implement non-financial reporting practices through collective bargaining, however, matters of non-financial reporting are not a priority on the trade unions' agenda. There is little knowledge about Directive 2014/95/EU and the new obligations. Up until now, workers' representatives have not become too involved in the production of non-financial reports and they often have little information about it. Furthermore, they lack knowledge of the criteria and standards and are not able to point out the strengths and weaknesses of previous reports.
Non-financial reporting is considered a mere management duty, with the reporting seen as an abstract document produced basically for marketing aims. One can conclude that the involvement of workers' representatives in the non-financial reporting process is absent, especially due to the prevalence of a marketing approach towards non-financial reporting.
Similar low numbers of voluntary reporting can be found in Lithuania, where companies are

generally unwilling to provide any information unless required to do so by law. The only examples of companies that disclose information to employees and society voluntarily are international companies or large companies that have international relations. According to the Lithuanian corporate financial reporting law, companies are only required to prepare an annual report that mostly covers financial aspects.
CSR initiatives started as early as 2004, however, by 2016, only 20%-25% of the 140 companies with more than 500 employees were preparing non-financial reports on a voluntary basis. The numbers are increasing, albeit very slowly. Although 44 legal entities have joined the UN Global Compact Initiative, only three of the reports followed a reporting standard, which was the GRI standard, though more than 60% did include KPI, at the very least. Despite an increase in the disclosure of information regarding human rights and anti-corruption matters in recent years, these topics are still underrepresented and not a single report covered all non-financial aspects, nor has any of the reports been audited by an external third party.
Annual CSR awards are given out according to the criteria approved by the Ministry of Social Security and Labour. One criterion is the involvement of employees and target groups in the information and consultation process, however, target groups are mostly defined by companies as investors and shareholders and only a few hold consultations with their employees.

The common practice in Lithuania is to avoid consultations with trade unions regarding non-financial information. The Ministry of Social Security and Labour has established a special division concerning issues of CSR, however, in the opinion of trade unions, this division is more declarative than functional, which is supported by the fact that it has not published a single report since 2012. The same Ministry has set up the Committee for Supervision of Implementation of the National Programme for Development of CSR for the years 2009-2013, though it would appear that this Committee never actually took up its work. In 2013, the Association of Responsible Enterprises was established. The majority of its members are banks and financial institutions that usually do not have trade union representatives among their employees. Thus, at national level, there is no consultative body regarding CSR with trade unions' representation. Additionally, the new Labour Code in force since September 2016 does not foresee information and consultation function for trade unions if a company sets up a works council. It thereby reduces the previous right of trade unions, which were formerly entitled to obtain information from the employer and to conduct consultations. According to the Labour Code, the employer is obliged to provide information to workers' representatives concerning the company's activities, financial situation and labour relations. Other aspects can be defined in collective agreements or other documents. There is no obligation to consult them on non-financial information, but even if there was one, it would not make a big difference as the majority of companies that report voluntarily do not have trade union representatives among their employees. This is a feature that surely influences the content and quality of non-financial reports.

Mandatory requirements for non-financial information disclosure prior to Directive 2014/95/EU

In more than a half of the twelve countries that were the subject of examination in the DimasoLab Project, legal requirements regarding the disclosure of non-financial information were already in place prior to Directive 2014/95/EU.
A frontrunner with regard to mandatory sustainability reporting is France. Since 1977, French law has required companies with more than 300 employees to draw up and submit an annual social balance sheet to the works council and from as early as 2003, the 2001 Law on New Economic Regulations (NRE) has required listed companies to state in their management report how social and environmental aspects are taken into account in their business operations. This law responded, particularly in its Article 116, to the expectation of the French civil society for an improvement in the transparency of companies through mandatory annual reporting.

Following the implementation, various forms of criticism and proposals for improvement were brought forward by civil society stakeholders, including trade unions, as the law only applied to companies listed on a regulated market, it exempted SAS (Simplified Joint Stock Companies) and failed to specify the scope of application, resulting in some companies only reporting in relation to their registered offices. Over the course of time, several changes have been made leading to improvements, such as the expansion to unlisted companies that exceeded certain thresholds. Companies had to report according to a comprehensive list of topics and indicators relating to the three categories (environmental, social and societal), whereby listed companies had to provide more information than unlisted ones. It is also remarkable that all companies had to request verification of their non-financial information by an independent third-party body (ITO).

In March 2017, prior to the formal transposition of Directive 2014/95/EU, France went much further than any European country before in its efforts to scrutinise companies' efforts to address their potential human rights impact. The French Law on the Corporate Duty of Vigilance (Law No. 2017-399 of 27 March 2017 on the "Duty of Care of Parent Companies and Ordering Companies") has established a legally binding obligation for parent companies to identify and prevent adverse human rights and environmental impacts resulting from their own activities, from the activities of the companies they control, and from the activities of their subcontractors and suppliers with whom they have an established commercial relationship. Companies that fall under this law (i.e. companies with (a) more than 5,000 employees working for the company and its direct or indirect French-registered subsidiaries, or (b) more than 10,000 employees working for the company and in its direct or indirect subsidiaries globally) are required to develop and enact an annual "vigilance plan" detailing the measures adopted to identify risks and prevent serious violations with respect to human rights, health and safety of persons and the environment, with such violations potentially resulting from the activity of the company, its subsidiaries, suppliers and subcontractors. If companies do not comply with the new obligation, they may be held liable, with any person with an interest in bringing the case being entitled to initiate liability proceedings.

Although CSR has been integrated into legislation for a very long time, there are few public studies on non-financial reporting in France, lacking quantitative data and studies providing an overview of compliance and impact on corporate behaviour. It is safe to say, however, that involvement in non-financial reporting increases with the size of the company and varies greatly depending on the sector. Non-financial reporting is also more likely to exist when the company is in a good economic condition and has an international orientation. Non-financial reporting is directed primarily towards customers as well as towards investors and rating agencies and is associated with quality policy and product differentiation. It is seen as a strategic lever of competitiveness and companies often provide a breakdown assessment of specific performance in the different categories. Only few integrate the assessment of all the three categories (i.e. environmental, social and societal) and cover the complete list of items that are foreseen. Disparities in approaches and reporting practices are not surprising and can be explained by differences in the management's expertise and experience in the field of CSR. The heterogeneity of the language used in non-financial reporting and practices clearly illustrates the fact that non-financial information is not yet a stabilised concept, both in respect of its perception and its mode of integration into companies. Furthermore, there persists a restrictive conception of CSR that reduces it to actions with an environmental or social benefit in the interest of the company only. To make matters worse, the current economic crisis in France is slowing down the development of CSR policies and the improvement of reporting practices.

Nevertheless, over the years, the information value relating to the three reporting categories has increased, with the social dimension being the best-covered in qualitative terms, which can be attributed to the fact that many companies can look back on a lot of experience due to the obligation to produce a social balance sheet dating back to 1977. Generally speaking, the quality of the reports, in particular with regard to the accuracy of the information provided, depends on several factors: the size of the company, its reporting experience and its exposure to reputational risks stemming mainly from environmental, societal or major restructuring plans that have taken place in the more or less recent past.
Trade unions and associations have been and still are major players in the dissemination of CSR knowledge. For example, French trade unions participated in the process of drawing up the ISO 26000 reporting standard. In addition, trade unions and NGOs have progressively established more cooperation on sustainable development. Several specific initiatives have become part of the permanent framework promoting CSR policies and establishing long-term dialogue between different stakeholders at national level. This includes the CSR Platform, created in June 2013 under the authority of the Prime Minister, stimulating dialogue and consultations, and bringing together representatives from companies, workers' representatives, NGOs, as well as representatives of public authorities (central administrations, parliamentarians, local authorities, etc.). Furthermore, the Citizen Forum on CSR that brings together NGOs, experts and trade unions, aiming at constituting a place for exchange of expertise, public expression and advocacy on issues related to CSR. Its main objectives are fostering the emergence of a national and international framework of CSR, as well as developing a common recourse centre for this topic.
Although there are cooperation processes between union officials and NGOs aiming to support the development of CSR and Fair Trade, the problem is that these two stakeholders are rarely associated in committees inside companies. Therefore, workers' representatives are rarely involved in the process of identifying the issues taken into account by companies in their reports. Trade union organisations are never consulted prior to the drafting of non-financial reports, though the employer is required to notify the works council of the documents that will be sent to shareholders at the annual meeting, on which the works council may submit an opinion. Apart from that, there are no further possibilities of involvement. At best, some large companies present non-financial reports to workers' representatives, albeit only after their publication, while the distribution is fairly restricted.
By decentralising collective bargaining and merging employee representative bodies into one Social and Economic Committee (CES) that will replace staff delegates, the works council and the Health & Safety Committee in companies with more than 11 employees, President Macron's recent Labour Law reform will certainly have an impact on the social dialogue structure, though the exact effects are yet to be seen.

Another country with a similar long experience in institutionalised sustainability reporting is the United Kingdom. Requirements to provide information on non-financial matters have been in place since 1978.
More recent developments have led to the Companies Act 2006, a fundamental revision of company law. At the same time, a separate document, the Operation & Finance Review (ORF), was introduced for quoted companies, setting out specifications regarding the companies' operations in much greater detail. The intention was that shareholders should have more information on the impact of a company's activities on other interests, to enable them to make a realistic appraisal and act as enlightened shareholders. The same legislation also implemented the EU Accounts Modernisation Directive of 2003 (2003/51/EC), which made non-financial reporting a subject of EU law for the first time.
However, following arguments that the production of the OFR placed too heavy a regulatory burden on companies, the regulations were repealed. Instead, non-financial information was to be provided in a "Business Review" as part of the directors' report. The issues covered

were similar to those required by the OFR but additional auditing obligations and the statutory recognition of a reporting standard were removed. Small companies were exempted from this obligation. However, quoted companies were required to provide more information on environmental matters, the company's employees and social and community issues, as well as the company's policies in these areas. Where appropriate, KPI relating to environmental and employee matters were to be included, although this obligation did not apply to medium-sized companies.
With the intention of improving the clarity and accessibility of the published information, rules were again strengthened in 2013 through the Companies Act 2006 Regulations 2013. They replaced the requirement to produce a Business Review within the directors' report with a requirement to present a separate "Strategic Report", which needed to be specifically approved by the board of directors. As with the previous regulations, these rules covered all companies other than "small" companies. For most companies, the contents of the Strategic Report were the same as those of the Business Review. However, the 2013 Regulations made changes to the information that quoted companies had to provide, as they now had to include an additional description of the company's strategy and business, a gender breakdown for directors, senior managers and employees, as well as information on human rights issues and the company's policy in this area. Furthermore, the directors' report was additionally to include information on greenhouse gas emission. In a recent paper on corporate governance reform, the government has estimated that there are around 900 quoted companies which are required to publish this information.

None of these non-financial reporting requirements stipulate the consultation of employee representatives in drawing up the reports, not even those explicitly concerning the company's employees. The requirement to provide information internally to employee representatives is also very limited.
In general, there is no universal statutory structure in the UK for informing and consulting employees or representatives similar to the works council structure present in a number of other EU states. There are different types of representation. The most common (22%) is union recognition, where the employer agrees to negotiate with the union or unions represented at the workplace. There is also non-union employee representation, which is normally set up by the employer, and finally there are joint consultative committees, consisting of employee representatives who are entirely union, entirely non-union or a mixture of both. These different forms can even coexist at the same workplace.
There are also a number of regulations which specifically relate to information and consultation, such as the general framework for informing and consulting employees. However, this does not happen automatically. It is normally only implemented if 10% of the workforce request it, or the employer decides to do so. Consultations on collective redundancies or health and safety are also stipulated by regulations but the UK does not have any formal social dialogue structure.
Tripartite consultative bodies, bringing together unions, employers and the government at national, regional or industry level do not exist. Workers' representatives, therefore, did not play a major role in promoting and developing non-financial reporting.

In 2007, Sweden became the first country to demand sustainability reports from its 49 state-owned enterprises. These enterprises were subject to particular guidelines for external reporting and had to comply with the GRI reporting standard. According to the guidelines, a sustainability report should include, on the one hand, a clear report of risks and opportunities taking into consideration sustainability issues, in particular those non-financial risks and opportunities that are needed to understand the company's development, performance and position and, on the other hand, a clear report of the stakeholder analysis and stakeholder dialogue with a view to identifying and taking a position on significant risks and opportunities, taking into

consideration sustainability issues for the company's most important stakeholders. Moreover, the sustainability report was required to be quality assured by independent scrutiny and assurance.
Apart from state-owned companies, Swedish companies have been obliged to publish non-financial statements since 2005, pursuant to the Swedish Annual Accounts Act of 1995. The Commission Recommendation of 30 May 2001 on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies has thus been part of Swedish law since well before Directive 2014/95/EU. The government, in fact, assumes that probably all Swedish companies which meet the minimum criteria as stipulated in Directive 2014/95/EU already publish some form of sustainability report. A recent survey study (2015) indicates that more than 300 large companies in Sweden publish a sustainability report. By placing demands on its own enterprises and promoting sustainable initiatives in general, the Swedish government aims to inspire all companies to increase their sustainability efforts.

Labour relations in Sweden are characterised by a high level of unionisation (70% in 2014) and a high degree of collective agreement coverage (91% in 2014). Trade unions participate in the company operations primarily by representation on the board, in health and safety committees and co-determination negotiations.
The trade union movement has been increasingly involved in sustainability issues for the last 20 years. Most recently, in May 2016, as a result of some form of national social dialogue, also with the participation of trade unions, the Swedish (Social-Democratic/Green) government presented a strategy for corporate social responsibility which defines the expectations placed on companies. Trade unions were involved in the drafting of this strategy.
By the Co-Determination Act of 1976, before making decisions, the employer has particular obligations to engage in negotiations with the local trade union with which they have a collective agreement in place, which implies that trade unions have a right to be informed and be part of negotiations at the planning stage, before a matter is taken to the board for decision. In 1982, federations of employers and employees concluded the collective Agreement on Efficiency and Participation, supplementing the legislation on co-determination, stating that information about and access to the company's economic situation are two important prerequisites for co-operation, influence and development work. With this agreement, trade unions were given extensive information and consultation rights regarding a broad spectrum of the company's activities.
Furthermore, the Act on Private-Sector Employee Representation on the Board of 1987 foresees that employees, i.e. trade unions with a collective agreement with the employer, have a right to board-level representation in joint-stock corporations employing more than 25 employees. Trade unionists on the board, therefore, have the same right to take part in the board's deliberations and to receive information about the company as the board members appointed by the owners and, since it is the board that prepares and is responsible for non-financial statements, employees are involved at this stage in the drafting of statements by the board. As a stakeholder on basically equal footing with the employer's side, the employee's side is entitled to full disclosure. One can therefore conclude that by means of statutory rules introduced as early as 1976 regarding information and co-operation, local trade unions partake in almost every aspect of workplace operations, laying foundations for broad and profound social dialogue, regardless of any non-financial report requirements.

In Denmark, about 1,100 of the biggest companies are obliged by the Danish Financial Statement Act of 2008 to publish an annual report in which they describe their initiatives related to CSR. The 50 biggest among them fall within the scope of Directive 2014/95/EU.
The companies that are covered by this statutory requirement have to provide information on the company's CSR policies, including any standards, guidelines or principles for CSR which they implement. Furthermore, they have to provide information on how the company translates

its CSR policies into action, including any systems or procedures applied. Moreover, they have to perform an evaluation of what has been achieved through the CSR initiatives during the financial year, and any expectations the company has regarding future initiatives. If the company has not formulated any CSR policies, this must be reported and explained too.
In June 2012, the Danish parliament adopted an amendment to the Financial Statement Act according to which companies now additionally have to expressly account for the topics of human rights and the reduction of climate impact, regardless of whether or not these were included in the company's CSR policies. Unfortunately, the regulation only provides guidance regarding the different topics that have to be covered and does not refer to a specific reporting standard. As a result, companies are free to customise their non-financial reports by adopting reporting standards best suited to their reporting means, consequently producing a big variety of different types of reports.

Danish workers' representatives have not played any role in the process of promoting CSR. There is no uniform general opinion on CSR among Danish trade unions. Whereas trade union confederations have included CSR in their 3-year strategies, the attitudes towards CSR differ between the different single trade unions, with some already applying CSR strategies and others not seeing any potential in that topic. CSR is still a very new concept to the different trade unions, which means that they have not yet figured out how to use its possible potential, whereas the confederations are determined to promote CSR in the future.
Unlike the management's side, the trade unions do not have any strategic take on non-financial reporting as of yet. The topic of CSR has become rather a tool for collaboration and dialogue between NGOs and companies and, so far, the trade unions have demonstrated little effort to join this dialogue, being more focused on their core task of negotiating collective agreements and not paying much attention to CSR matters.
At company level, the majority of workers' representatives have little (if any) knowledge with regard to CSR or non-financial reports. It is likely that, if asked, they would not even know if their company publishes any non-financial reports. Workers' representatives are therefore almost never involved in preparing non-financial reports. If they are involved at all, it is so because of their role as a board member elected by the employees, though even in such cases, the involvement is close to none (1 out of 25 interviewed).

In Belgium, non-financial reporting has been required by statutory law since 2009. The starting point of growing awareness of CSR issues was the law of 5 May 1997 on the coordination of a federal sustainable development policy. In this law, three concertation networks were identified: 1. The Belgian Federal Council for Sustainable Development (FRDO-CFDD), an advisory board to the federal governments and parliaments, acting on request as well as on its own initiative, also entrusted with the task of sensitising organisations and citizens on the subject of sustainable development. Its members consist of various civil society organisations (e.g., environmental, development, trade unions, consumers' unions, federations of employers, etc.); 2. The Interdepartmental Commission for Sustainable Development that facilitates negotiations between federal civil services and governments, and representatives of the communities and regions; and 3. The Federal Planning Bureau, an institute that evaluates the federal policy plans and proposes new prospective scenarios through federal reports on sustainable development.
In addition, there is the Central Economic Council (CEC), a bi-partite body of social dialogue on economic matters. The CEC organises the social partners in such a way that the employer and employee representative organisations have equal representation. The role of the CEC is to inform the government about all questions that relate to the national economy and to provide a better insight into the public interest. Therefore, one of the tasks of the CEC is to offer advice related to propositions on topics regarding or affecting the national business, either on its own initiative or on demand of the legislator. Even though this advice is the result of a compromise between employers and employees, it is not legally binding. In addition to this advisory role,

the CEC organises meetings with the social partners in order to promote better (informal) dialogue between them. These discussions can also lead to independent advice to inform the governmental bodies.
In 2006, the federal government established a CSR reference framework and a federal CSR action plan with the main objective of stimulating, facilitating and enhancing the quality of CSR through governmental actions by mapping federal and regional government initiatives regarding CSR and stakeholder's expectations in relation to governmental support, and by establishing concrete actions to achieve its principle objective. This CSR framework contained 13 specific actions for the promotion of CSR, resulting in more and more interest taken in CSR and a number of regional initiatives being initiated.
Finally in 2009, the Corporate Governance Commission published Code 2009, a renewal of the Code on Corporate Governance of 2004, aiming at more transparency and containing a number of principles, provisions and guidelines determining how enterprises should be managed and controlled. The application of this code became mandatory for all listed companies, which were now required to publish two documents: the Corporate Governance Charter, describing the main aspects of its corporate governance, such as its governance structure, the terms of reference of the board and its committees as well as other important topics, and the Corporate Governance Statement, including more factual information relating to corporate governance: e.g., the provisions which the company does not comply with and the reasons for this non-compliance, a remuneration report, a description of the main features of the internal control and risk management systems and a description of the composition and operation of the board. The arrangements, however, are issue-specific and the law does not constitute a generalised regulation.
In addition, since it is almost an exclusive responsibility of the various regional authorities, legislation regarding environmental matters varies greatly between Flanders, Brussels and Wallonia. All Belgian enterprises, associations, (non-profit) foundations and foreign partnerships that are obliged to submit an annual financial report to the National Bank of Belgium must add a social balance sheet containing information on the workforce (i.e. the number of employees, distribution according to gender, education, type of contract, temporary employees, employee turnover rate, formal and informal on-the-job training, etc.). Therefore, the regulation is more efficient when it comes to social and employee-related matters but, other than that, companies are left rather free to decide what information will be interesting to their stakeholders.
The Central Balance Sheet Office evaluates social balance sheets for statistical purposes. For non-listed companies, there were similar guidelines in the Code Buysse but those could be applied on a purely voluntary basis.
Concerning gender equality, since 2015, companies have had to provide a remuneration analysis to the works council as part of the statutorily obligatory economic and financial information to account for the wage structure for men and women divided by function, level of education and seniority.
Despite the fact that federal as well as regional governments have increasingly adopted CSR policies that stimulate or regulate CSR activities of corporate actors, there is currently a lack of a universally applied framework, resulting in inconsistent and fragmented non-financial reporting. Determining the number of companies that prepare such reports is therefore difficult, even if surveys suggest that the number is rather high.
In order to set an example, the Federal Institute for Sustainable Development was created, and in 2011, it released a pilot project introducing the ISO 26000 reporting standard across the federal government with the aim of supporting voluntary non-financial reporting, as currently the federal government is still not formally obliged to publish an annual financial report or to provide a social balance sheet. Subsequently, in 2014, six federal public services were guided through the preparation of their non-financial reports based on the GRI G4 reporting standard.

Traditionally, trade unions and workers' representatives are well-supported by Belgian law and organised social dialogue is a standard practice. The system of industrial relations and social dialogue is characterised by full union participation, recognition and integration, as well as legal frameworks, with centralised and strong organisations on both sides.
The tradition of social dialogue finds its origin in the Social Pact of 1948, having been further developed in the collective labour agreement No. 5 on the statute of company representatives, which secured the right of employees to be informed and consulted. There exist comprehensive information and consultation rights through the works council and the Committee for Prevention and Protection at Work, i.e. the safety committee (CPBW-CPPT). All Belgian companies with more than 100 employees are required to establish a joint works council and companies with more than 50 employees should establish a safety committee.
The works council is the body that is most strongly involved in receiving and discussing social and employment information. Since it is obligatory to inform, consult and present the information contained in the annual management report to the works council, the majority of employee representatives have the opportunity to read and discuss the report and its content. Interviews confirm that, in all cases, workers' representatives have had the opportunity to read the report, that the report has been formally presented and that there has been an exchange between the management and trade unions regarding the report. Additionally, the quality of the information has been found to be positively related to the size, union strength and "age" of the company. Nevertheless, the situation is different when looking at the preparation of the report, where workers' representatives are not involved at all. Thus, involvement in the implementation and execution of topics which are the subjects of the annual management report or financial report, such as the social balance sheet, does not automatically mean that there is actual collaboration with regard to preparing the annual report.

In the case of Poland, since 2011, companies which fall under the provisions of the Accounting Act and thus have to report on their activities have also been obliged to include, if material for the assessment of the entity's position, financial and non-financial indicators. These have to be presented together with the information relating to environment and employment matters, as well as additional explanations of the amounts presented in their financial statement. In the last ten years, the number of non-financial reports has steadily increased and, at present, Polish companies' reports make up 26 % of total non-financial reports in Eastern Europe.
Looking at the concrete figures, however, the number of reporting companies is rather small, with a total of just 41 organisations in 2016. The majority of these companies are registered in the Register of Reports administered by CSRinfo – a private consulting enterprise, seemingly the biggest voluntary register of non-financial reports in Poland.
In 2009, an important initiative was undertaken at the Warsaw Stock Exchange, whereby an index of socially responsible companies was created – the Respect Index. It aims at promoting the highest standards of governance in public joint stock companies concerning economic, environmental and social issues. Companies are selected for inclusion in the Respect Index portfolio by means of a three-stage procedure where an independent auditor, Deloitte, assesses the company's communication with the market through current and periodical reports and through web pages, also looking at how socially responsible the company's behaviour is with regard to the environment, society and workers.
The year 2016 saw the introduction of an award for the best social report granted by the Ministry of Development, while starting from 2017, an annual contest entitled "Social Reports" will be organised by the Responsible Business Forum, the largest NGO in Poland dealing the CSR-related issued, in partnership with Deloitte.

The involvement of workers' representatives' in CSR issues is absent in Poland for the most part. The pivotal institution of industrial relations in Poland is a workplace trade union organi-

sation. Apart from its monopoly to bargain collectively and to start collective discussions with the employer, it has wide competencies to be informed and consulted on various matters relating to planned collective dismissals, circumstances of a company transfer, health and security aspects, etc.
The extensive power of trade unions in Poland became rather illusory in many companies due to the fall in trade union membership numbers, which at present make up no more than 12% of all Polish workers. The unionisation level is higher in companies that were set up as a result of transformation from previous state-owned enterprises, whereas industrial relations are weak in the private sector, where employee representative bodies are almost non-existent. In this sector, non-financial reporting is not a tool for developing dialogue between the social partners but, most of all, it is a governance strategy aiming at improving the image of the company in the eyes of investors and other stakeholders.
Since 2007, works councils may be set up in companies that employ more than 50 employees, providing them with information and consultation rights regarding the company's activities and economic situation. Despite big expectations, the works council structure in Poland is very weak and its influence on CSR reporting is not visible. Private companies attach more importance to direct dialogue with employees than to dialogue or negotiations with employee representatives.
At national level, the Social Dialogue Council, a tripartite consultative body, brings together the most representative national trade union, employers' organisations and the government. Trade unions exert strong influence on the law-making process through their participation in this council. However, the Social Dialogue Council did not deliberate on the future implementation of Directive 2014/95/EU.

Despite legal requirements in Austria, the number of companies reporting on non-financial information is rather low. Only a quarter of the 100 companies with the highest turnover, the five leading banks and the five leading insurance companies publish sustainability reports, whereby listed companies perform better than unlisted ones, with 85% of listed companies providing a report.
According to Article 243 (5) of the 2005 Austrian Commercial Code (UGB), large corporations were already required to report on key non-financial performance indicators, including information about environmental matters and employee matters prior to the implementation of Directive 2014/95/EU. However, the reporting has remained highly inadequate, not least because of imprecise requirements.
Compared with other companies, companies with significant subsidiaries in other countries, such as energy suppliers, are more likely to be among those companies that prepare sustainability reports on a voluntary basis.

To date, works councils, trade unions and the chambers of labour (collectively: employee organisations) have not played a significant role in the preparation of sustainability reports. In addition to the rights to be informed and consulted, works councils also have co-determination rights applying to certain measures (inspection systems that affect human dignity, performance-related pay schemes, etc.) which cannot be implemented without the approval of the works council. Co-determination also involves the inclusion of employee representatives on the supervisory board.
However, only in exceptional cases are works councils systematically involved in sustainability reporting. Generally, involvement tends to occur in companies where there is a traditionally strong culture of co-determination, a high degree of unionisation, and public ownership.

Conclusion

The country studies show that providing non-financial information does not constitute a new concept. Legal obligations already existed prior to Directive 2014/95/EU in the majority of the countries examined. In all the other countries, companies previously published various kinds of non-financial reports on a voluntary basis, whereby large international companies or companies with international connections were more likely to provide such information.
However, the prevalence of legal obligations with regard to non-financial reporting alone does not constitute a sufficient success factor for elaborate reporting. Rather, what becomes clear is that comprehensive, comparable and high-quality reporting can only be achieved if there is at least one interest group that actively promotes the process of non-financial reporting and monitors its implementation. The examples show that these "drivers" can be the state as well as union actors. Consequently, one can assume that binding rules and compliance with them are most likely to be expected in those cases where both actors shape the process.
Furthermore, the country studies illustrate that in the majority of the cases, the degree of involvement of workers' representatives in promoting non-financial reporting is rather low. Moreover, it has been shown that strong participation and co-determination rights do not automatically lead to a high rate of involvement of workers' representatives in non-financial reporting at company level. One needs to ask: why do works councils and trade unions keep such a low profile with regard to this topic?
One assumption could be that, in some cases, such as Germany or Sweden, they do not see the necessity for more active involvement because they already have extensive information and consultation rights which provide sufficient access to non-financial information other than through a formal report. On the other hand, examples like Denmark and Italy show that workers' representatives lack a strategic focus on the subject of non-financial reporting and sufficient knowledge of the reporting criteria and standards as non-financial reports are considered more of a management tool solely within the remit of the employer.

LEGISLATION OVER TIME

1977

FRANCE

Law on Social Reporting - Companies with more than 300 employees have to draw up and submit an annual social balance sheet to the works council

1978

UK

Fourth Directive on company accounts - Requirements to provide information on non-financial matters

1995

SWEDEN

Annual Accounts Act - Requires publication of non-financial statements from 2005 onwards

1997

BELGIUM

Belgium - Sustainable development policy – Reinforces a growing awareness of CSR issues

2001

FRANCE

Law on New Economic Regulations (NRE) - Listed companies have to report in their management report how social and environmental aspects are taken into account in their business operations

2003

EU

Accounts Modernisation Directive of 2003 (2003/51/EC) - Non-financial reporting becomes a subject of EU law for the first time.

2005

AUSTRIA

Commercial Code (UGB) Article 243 (5) - Large corporations have to report on key non-financial performance indicators including information about environmental matters and employee matters

2006

UK

Companies Act 2006 - Non-financial information has to be provided in a "Business Review "as part of the directors' report

2007

SWEDEN

Swedish Public Procurements Act – Demands sustainability reports from the 49 state-owned enterprises that must comply with GRI Standards

2008

DENMARK

Financial Statement Act - Biggest 1,100 companies are obliged by the to publish an annual report where they describe their initiatives related to CSR

2009

BELGIUM

Code 2009 – Non-financial reporting required by statutory law 2) - Listed companies on the French stock exchanges have to incorporate information on the social and environmental consequences of their activities into their annual reports, as well as their societal commitments for sustainable development

2010

FRANCE

Law on National Environmental Commitment (Grenelle Act 2) - Listed companies on the French stock exchanges have to incorporate information on the social and environmental consequences of their activities into their annual reports, as well as their societal commitments for sustainable development

2011

POLAND

Companies that fall under the provision of the Accounting Act and have to report on their activities are obliged to include financial and non-financial indicators

2012

DENMARK

Amendment to the Financial Statement Act - Companies additionally have to expressly account for the topics of human rights and climate impact reduction

2013

UK

Companies Act 2006 Regulations 2013 - Intention to make the information being published clearer and more accessible, non-financial information has to be published in strategic report

2014

EU DIRECTIVE 2014/95/EU

2017

FRANCE

French corporate duty of vigilance law - Parent companies have to identify and prevent adverse human rights and environmental impacts resulting from their own activities, from activities of companies they control, and from activities of their subcontractors and suppliers

INTERVIEW HANS-DETLEV KÜLLER

Name	Hans-Detlev Küller
Country	Germany
Organisation	Arbeit und Leben DGB/VHS NRW e.V.

What is your personal motivation for working on topics related to non-financial reporting?

Non-financial information is an excellent opportunity for trade unions and works councils to gain a better insight into the policies of companies.This will be particularly helpful to formulate demands in the social dialogue.

When did you first start working on topics related to non-financial reporting?

That was actually quite a long time ago now (laughs). In the mid-1970s, trade unions in Germany were confronted with the first reports. Those were mostly from companies in the chemical sector. They were called social responsibility reports and were rather a matter of PR addressed to the general public. However, they also concerned the workers, trying to build reputation and an image. Therefore, the trade unions decided to work on this topic in more detail and develop their own positions. After a broad discussion, the Confederation of German Trade Unions came up with a resolution regarding the content of the reports. It was my task to steer the process for the Confederation of German Trade Unions at that time.

What has changed since then?

The quality of reporting has improved over the last 30 years, especially in countries where companies have provided these reports since early on. Unfortunately, the political debate about developments in this field stopped in the 1980s.The focus then shifted more and more towards an environmental perspective. Another change is the wording used in the reports. In the beginning, it was social responsibility reporting. Now it is called reporting on non-financial information, the content is still more or less the same though.

What benefits can trade unions in particular draw from non-financial information?

If trade unions and workers representatives are willing to deal with these reports, they have a chance to obtain additional information on company policy. This can be useful for employment and social matters, as the companies now have to report on their policies and concepts rather than numbers only. With this knowledge, unions are better able to develop their own concepts and formulate demands for additional information.

What is the most remarkable difference in your country regarding non-financial reporting compared to other European countries?
The main difference stems from the German model of co-determination, works councils and economic committees. In the past, there were already more ways to intervene than in other countries and, thus, the benefits are now being discussed more critically. The other side of the coin is that board members and works councils should intervene when it comes to the content of non-financial information reporting. What our research has shown though is that, in many cases, trade unions and works councils have not yet taken too much interest or been very involved in these reports. This is mainly because they perceive these publications as a matter of public relations. If works councils want to obtain additional information, they usually have other ways to ask for it and, in most cases, they will be provided with the information.

What has been the biggest setback for working on non-financial information?
At the very beginning of the discussion but also later on, I experienced a kind of ignorance of the issue. Other topics were perceived as more important and workers representatives did not seek an active role. Yet, examples show that it is very well possible to take an active role in non-financial reporting.

How do you see the future of non-financial reporting?
In 2001, France introduced the 'Law on New Economic Regulations'. At one of the expert conferences of the DimasoLab Project, Olivier Chabrol reported on the situation there since the law had been introduced. I expect to see a similar development now. The quality of the reports will be rather poor at first, particularly for those companies that, until now, have never publish reports on a voluntary basis. Competition will then gradually lead to improvements in quality. If trade unions and works councils get involved in this process early on, chances are high that the reports will contain information that will be useful for them.

What should be the next steps for unions in dealing with non-financial reporting?
The implementation process of the directive is coming to an end. Now the focus has to be within the companies. Many more companies have to report at the beginning of next year and unions have to be aware that the situation has now changed. They have to develop strategies and make recommendations to works councils and members of supervisory boards on how to deal with this new situation. At the beginning of 2018, workers representatives have to intervene right away and demand to be involved in the process of producing such reports. I hope that trade unions will give some official recommendations. What we know from the DimasoLab Project is that in Austria, for example, there already are recommendations and seminars on the content of such reports. Their regime of industrial relations is very similar; consequently, it should be possible for Germany too.

What are your political demands for the further development of non-financial reporting?
After the debate in the German Parliament, there will be no space in the near future to discuss improvements in legislation. Nevertheless, one demand should be to increase the number of companies covered by the legislation. At present, numerous large private companies do not have to report because they are not listed or subject to special public sector law. It should be demanded that reporting becomes obligatory for these companies as well.

INTERVIEW
HENRIK MADSEN

Name	**Henrik Madsen**
Country:	**Denmark**
Organisation	**Konventum**

What is your personal motivation for working on topics related to non-financial reporting?

I am responsible for the CSR area at my organisation, so I am obviously very drawn to anything that is related to this field. At the same time, I have a Master's Degree in Business Communication, where I chose to focus on topics of CSR and the non-financial aspects of business. I believe that, as a stakeholder, companies should fulfil a role that is vital to society by engaging in socially and environmentally responsible behaviour. Non-financial reporting can be a way to achieve this (e.g., if you believe the theory of Haack & Scherer (2014)).

When did you first start working on topics related to non-financial reporting?

During my Master's Degree, I worked with this kind of reporting for the first time.

What has changed since then?

The fact that companies now have to explain why they have different policies is a major change. Before, companies were allowed to simply leave out different parts with regard to their social responsibility strategy, e.g., if they did not have any real policy regarding corruption, the environment or diversity in the personnel. Now, with the "comply or explain" model, this is not an option anymore. A great change.

What benefits can trade unions in particular draw from non-financial information?

I believe that non-financial information can become a key to future collective bargaining. In a world that is becoming more and more focused around profit and a wider global market with fewer boundaries, trade unions will need an approach that will appeal to companies as something profitable. Non-financial reporting creates a stage where companies can strengthen their market position by excellent reports – and who would be a better consultant on issues regarding workforce, healthy work environment, health, etc., than trade unions?

If trade unions use these reports strategically, there will be a possibility to make companies promise better conditions in these reports – promises they cannot break because all these reports are public. While consumers become more socially and environmentally aware, companies use social and environmental responsibility to market themselves and because of constant information flow from new media, companies have to be very strict about this. Thus, non-financial reporting is a strong tool to create awareness that may promote your products. Trade unions can become an important partner that can help companies to stick to their policies and follow these policies and/or to consult companies on how to create a strong policy.

What is the most remarkable difference in your country regarding non-financial reporting compared to other European countries?

I think that the biggest difference is the scope of application requiring all companies with more than 250 employees to provide a non-financial report. In Denmark, even some rather "small" companies need to report, but this is of course because Denmark is a small country. Hence, it makes sense that the threshold for reporting obligations will be lower.

What has been the biggest setback for working on non-financial information?

Non-financial reporting is a communicative assignment. This means that most companies can pay skilled communicators to prepare confusing reports that, though they include everything they need to, fail to state anything too specific. I also have my doubts about how these reports will be monitored and whether these reports truly reflect the reality. Will the reports only be used as a tool for corporate greenwashing? This is the big question.

How do you see the future of non-financial reporting?

I definitely think it is here to stay. The question is how we can make the reports reliable and trustworthy. I hope that these reports become a tool for companies that want to "do good" and create strong, responsible profiles. As stated earlier, I believe this will be a tendency, which is why trade unions should see this as a possibility to build a strategic position as a collaborative partner to the companies.

What should be the next steps for unions in dealing with non-financial reporting?

We need to educate union representatives who are linked to companies that are required to fulfil non-financial reporting obligations. They need to be trained in CSR and understand its origin and the possibilities. We cannot begin to use the CSR stage strategically if we do not understand how the stage is built. This is a great challenge because CSR is soft law defined by corporations, which can seem confusing if you are used to operating in a field defined by strict laws and clear rules.

What are your political demands for the further development of non-financial reporting?

We need to enhance the scope and quality of non-financial reporting. It is important to maintain political pressure on how these reports need to be prepared and why they are relevant, so that they will not lose their credibility. Also, members of the public who are interested in responsible corporations should put a stronger focus on this kind of reporting. Hence, we need to make sure that as many companies as possible will provide non-financial reports and that the content of these reports is legitimate, respected and fair. We will then be able to create a new stage accessible by the public to discuss working conditions and responsible business behaviour.

TRANSPOSITION OF DIRECTIVE 2014/95/EU – CONSULTATION PROCESSES WITH SOCIAL PARTNERS

In this chapter, we summarise the transposition processes in the twelve counties which were included in the DimasoLab Project. As a starting point, the transposition process in Belgium is introduced in detail. Subsequently, we present and reflect the findings from the other country reports in this context.

In Belgium, each governmental actor is responsible for the transposition of those EU Directives which fall within their field of competence. At political level, the general monitoring and coordination of this process involving multiple governmental departments is the responsibility of the Minister of Foreign Affairs and, at administrative level, this is ensured by the Federal Public Service (FPS) Foreign Affairs.
In the case of Directive 2014/95/EU specifically, it was the shared responsibility of the Ministers of Economy, Justice, Finance, and Small and Medium-sized Enterprises. Jointly with the Accounting Standards Commission, a preliminary draft law was formulated and submitted for assessment to the bi-partite body of social dialogue on economic matters, namely the Central Economic Council (CEC) and the Federal Council for Sustainable Development (FRDO).

Consultation process in Belgium

The CEC organises the social partners in such a way that the representative organisations of both the employer and employee each have equal representation. The role of the CEC is to inform the government about all questions that relate to the national economy and to provide a better insight into the public interest. Therefore, one of the tasks of the CEC is to offer advice on propositions related to topics regarding or affecting the national business, either on its own initiative or on demand of the legislator. Even though this advice is the result of a compromise between employers and employees, it is not legally binding. In addition to this advisory role, the CEC organises meetings with the social partners in order to promote better (informal) dialogue between them. These discussions can also lead to independent advice to inform the governmental bodies.
With the intention of offering unanimous advice, the CEC organised multiple bargaining sessions with both employer and employee representative organisations. Advice was delivered to the creators of the draft law. After eventually processing the advice, the Chamber of Representatives decided on the law proposal.

As a second party, the Federal Council for Sustainable Development Belgium (FRDO) was also asked to hand in its recommendation. The FRDO advises the Belgian federal government on federal policy regarding sustainable development. The members of the Council are representatives of various social groups: environmental organisations, organisations for development cooperation, employee and employer bodies, youth organisations and the scientific world. Representatives of the federal government, the language communities and the regions, environmental councils and economic and social councils are non-voting members. The FRDO eventually did not succeed in expressing any advice because of a lack of consensus. This was partly caused by the position of the Association of Belgian Companies, the only inter-professional employers' organisation that represents companies of the three Belgian regions. From the onset, they stated that they would be unable to agree on a consensus within the FRDO because their standpoints were too different from those of the NGOs and environmental organisations. This was part of a strategy to limit the implementation obligations to the bare minimum; an agreement within the CEC was more feasible.

As a result, the social partners were the only parties to issue advice, even though they were not the only ones asked to do so.

There were additional attempts by unions to add obligations regarding the inclusion of information.

Recommendations by the Central Economic Council

In general, the unanimous advice of the CEC concurred with the draft law. However, the Council formulated a couple of remarks. Some of them only pointed to ambiguities in the legislative situation that would result from combining this draft law with previous legislation, while other remarks concerned the actual content of the draft law.

Firstly, the CEC pointed out that state-owned enterprises with a commercial, financial or economic task in general have to fulfil an exemplary role. Therefore, this role should also extend to corporate social responsibility and sustainable development. Consequently, the CEC advised the development of legislation concerning these organisations in the near future. This legislation should set out similar requirements to those for listed firms, which could even be achieved by broadening the current draft law.
Secondly, the CEC addressed the possibility given by the EU Directive to either publish the non-financial information separately or integrated into the annual report. Here, the Council stressed that the separate report should be subject to the same conditions as the integrated reporting. According to Article 17 of the Royal Decree of 27 November 1973, the annual report is part of the information that must be provided to the works council on an annual basis. When the report on non-financial information is part of the annual report, it is thus automatically presented to the works council. This should also be the case with a separate report containing non-financial information. Therefore, the CEC asked for this to be included in the explanatory note on the draft law. In broader terms, the CEC asked for a statement to be included in the draft law that would ensure that the Royal Decree of 1973 would not be voided.
Thirdly, regarding the reporting standards companies can use for their reporting on non-financial information, the CEC asked for companies to be given the possibility of using multiple reporting standards, whereas the draft law only provided for one reporting standard per report. Also, the CEC asked to be consulted regarding the list of reporting standards provided by the Minister of Economic Affairs. The CEC openly published the advice online.

Further demands from unions

In addition, trade unions demanded that the publication of the information on subcontractors and the supply chain of companies ought to be a compulsory component of the report. They insisted that including this information would be crucial because a major part of the environment and social impact of companies depends on these partnerships. Omitting this information could result in reports on non-financial information being incomplete or even misleading.

Also, a plea was made to include stricter rules for the auditor, going beyond only a certificate on the release of the necessary information. Rather, audits should also include a check on whether the information is quantitatively and qualitatively correct and consistent with the annual account numbers. Otherwise, the trade unions anticipated reports on non-financial information of dubious quality. At the same time, trade unionists recognised that this might be difficult in practice. A similar obligation regarding the numbers on the social balance sheet already existed but auditors rarely checked these numbers because it was found to be too difficult. This would likely be the case with reports on non-financial information as well.

Outcome of the transposition process

On 11 September 2017, the Belgian Official Gazette published the new law "Wet betreffende de bekendmaking van niet-financiële informatie en informatie inzake diversiteit door bepaalde grote vennootschappen en groepen" or "Loi relative à la publication d'informations non financières et d'informations relatives à la diversité par certaines grandes sociétés et certains groupes" of 3 September 2017.

The final law does not contain many differences in comparison with the previously discussed law proposal. It requires reports on non-financial information to be added to the annual management reports and those are collected by the National Bank of Belgium. They are then published and therefore publicly consultable. It allows for the report on non-financial information to either be a separate report or a part of the annual management report. Whenever it is published as a separate report, companies are obliged to disclose the report on non-financial information to the works council and shareholders as a part of the economic and financial information they receive by law. Thus, demands of trade unions have been met and all immediate stakeholders involved will have sufficient access to the information. Companies covered by the law are now more clearly defined, though the final law still sets out the same minimum scope as the EU Directive.

Regarding the conditions of reporting on non-financial information or sanctions on non-compliance, nothing has changed in comparison to the proposal. The law did not meet demands for additional obligations regarding the inclusion of information on, e.g., subcontractors and the supply chain of companies either. In terms of obligatory auditing, the final law goes beyond the minimum required by the EU Directive as it states that the auditor has to check whether the information in the NFI reports is 'in accordance with' the information given in the annual management report.

Nevertheless, employee representatives at the board meeting of the CEC pointed out that the original advice of the CEC included a passage on the responsibility and exemplary role of governmental organisations with a commercial, financial or economic task, among others, regarding the promotion of corporate social responsibility. Therefore, the CEC proposed that the regulation on non-financial information reporting should be developed in line with the directives for other companies. This way, they asked for an enlargement of the scope of the law – a demand that has not been met thus far. In fact, the introduced law does not discuss this matter at all. Employee representatives are therefore continuing to put emphasis on this part of the advice. Employer representatives have carefully agreed, under the condition that this is in accordance with the original passage, and formulated some additional remarks. This implies that the discussion on this topic is not yet closed: the CEC has started an initiative to contact the ministry. However, this issue would be the responsibility of each regional government individually; it cannot be a national decision.

The Belgian case is good as a reference of a clear structure for the transposition process. This is mainly due to the existing bodies and distinct competencies in consultation processes reflecting the tradition of the country's social dialogue. This is not the case with most of the other countries involved in the DimasoLab Project, where either such bodies or competencies are not as clearly defined or, though they do exist, they were not involved in the process for some reason, be it a lack of integration or interest. In this regard, only the French case is on a par with the Belgian example, though it displays a much higher level of complexity due to the previously existing national law. In the following sections, we will take a closer look at the particularities of the consultation, the recommendations by social partners and outcomes. We will then proceed to discuss conclusions and outline the criticism raised in the different countries.

Consultation with Social Partners

Amendments were made without any consultations with trade unions in Lithuania. Even in the explanatory report, which is attached to the project of amendments, trade unions were not listed among the institutions approached in the consultation process. The only consultations conducted were those with some ministries and employers' organisations. The Government did not expand the application of the provisions to other enterprises beyond those covered by

the Directive. Lithuanian trade unions were not informed about the preparation to transpose the provisions of the EU Directive and were not invited to participate and give comments on the draft of the amendments to the law.

The legislative process regarding the EU Directive in Sweden was entirely void of conceptualisations of immediate worker interest in this matter. Instead, the discussion was solely geared towards actors such as investors, clients and consumers. Labour law, which is otherwise such a prominent phenomenon, was absent from the debate about companies' disclosure of non-financial information. The legislator seems to have subscribed to a strict line of demarcation between classic labour law and corporate law/accounting law. The Swedish law and society therefore perceived the EU Directive as far removed from labour law and trade unions.
The blue-collar trade union federation LO argued that the minimum application threshold stipulated in the EU Directive (500 employees) was not adequate and, instead, suggested a limit of 250 employees with an eye to a future revision of the national law/directive to include even more companies. Furthermore, LO regrets that labour issues (as put forward in the 7th preamble to the EU Directive) are given no prominence and asked that the EU Directive be further linked to industrial relations and the organisations on the labour market at state level. Also, the white-collar trade union federation TCO put forward the same comments as LO.

Formal consultation in the United Kingdom ran for eight weeks. The government published a 47-page consultation document, including a questionnaire comprising 19 questions. It set out options for implementing the EU Directive and put forward a number of other changes to company reporting which the government was considering, calling on interested parties to respond.
The consultation document presented a generally positive assessment of the EU Directive, arguing that it "broadly reflected the UK narrative reporting framework introduced in October 2013". However, the key question was how to address the differences between the non-financial reporting requirements in the EU Directive and those in the existing UK legislation, in particular, whether the EU requirements should be extended to all quoted companies, or only limited to those directly affected.
In addition to receiving submissions, government officials also met with a number of interested parties, including the Trade Union Congress (TUC), which is the UK union confederation.
After the closure of the consultation, the government published an impact assessment looking at the financial costs of the measure and its response to the consultation procedure.
As well as setting out the government's future policy for implementing the EU Directive, the document summarised the responses to its proposals that the government had received. In total, 76 responses were received including 21 from representative bodies, of which only one was from a trade union body, the TUC.
In its response, the TUC urged the government "to implement the EU Directive in a way that strengthened, rather than watered down, existing UK non-financial reporting requirements", and, in particular, argued against narrowing the scope of non-financial reporting requirements.
In relation to other issues raised in the consultation document, the TUC response also argued against "removing the requirement for companies to report on their policies on the employment of disabled persons". Furthermore, it reasoned that the current requirement to report on the number of men and women in senior management within the company should be maintained, in order to support the aim of achieving greater female representation on company boards and at senior levels. Lastly, it advocated for the establishment of a central access point open to the public, for those who wish to access the company reports.

The implementation of the EU Directive in the Netherlands passed through a two-stage legal track. The government integrated the reporting obligation into the Civil Code through an amendment of this Code, effectively reducing the process to a mere formality, which was considered a politically insensitive move. This is because this way no direct involvement of social

partner organisations was invited at this stage. The concretisation of the different provisions of the Directive was formulated in a 'general decision of public order' and the government initiated a consultation on the possible content of this decision, based on a document in the form of a draft regulation. The Decision, a general administrative regulation, was formulated, circulated and discussed in Parliament. During this process, the draft Decision was discussed in the Social Economic Council (Sociaal-Economische Raad – SER) as part of a broader revision of the corporate governance code under preparation. The Council is a platform for negotiating corporate governance agreements. This tripartite approach is a crucial aspect of the Dutch governance culture. There were no separate consultations of the social partners outside of this frame.
The public consultation that was organised by the government attracted only 16 replies. The trade unions did not react directly. However, the training fund for works councils, an organisation associated to the trade unions, participated in the online public consultation.
The training fund was of the opinion that the point of view of one important stakeholder was missing in the proposals, namely the position of the works council. Reference was made to the extensive information, consultation and advisory right of works councils. According to the fund, the content of the reporting should be discussed and, if appropriate, agreed with the works council before being published.

In Spain, an inter-ministerial group was formed to prepare a proposal for the transposition. A draft proposal was developed by the Institute of Accounting and Audit of Accounts (Ministry of Economy, Industry and Competition). As mentioned in Chapter 1, in Spain, there is an advisory and consultative body composed of Administration and Social Agents called CERSE – the CSR Council. Even though one of their duties is to inform about the 12 public regulations on CSR, the transposition of the EU Directive was not addressed due to a political decision.
Once completed, the proposal was open to public consultation for ten days. CCOO made a proposal for modification, in order to include some changes in the text. In the next step, the final proposal of the law was sent to the Spanish Parliament for discussion and for the final text to be approved. This stage presented a chance to include opinions and proposals through dialogue with political parties. The expectation that this particular process would result in a good regulation was very low.
The following proposals for amendments to the draft text were made by CCOO in relation to the transposition of the EU Directive: an advanced definition of employee matters, obligatory involvement of workers representatives in the preparation of statements on non-financial information in the form of a trade union report, a relevance check focused on real social and labour impact, a national definition of Key Performance Indicators, obligatory non-financial information about the situation in the supply chain. In addition, in the opinion of CCOO, separate reporting by daughter companies was not found to be necessary if the labour force was considered in the consolidated report of the mother company. Furthermore state-owned enterprises and large private companies should be covered, obligatory checks of reports on non-financial information by a statutory auditor or audit firm should be conducted. Most importantly though, there should be a trade union report in order to validate the given information, with statements on diversity and consumer matters also made obligatory.

For the transposition into Italian law, the Government in Italy opted for a two-staged online public consultation. The Italian Ministry of Economy and Finance, in collaboration with the Ministry of Economic Development, launched the first online public consultation lasting one month with the aim of obtaining evaluation, feedback and suggestions from stakeholders regarding the basic choices of the law. The first public consultation saw a total of 35 subjects, 3 of whom were unions (CGIL, CISL, UIL) and 8 – employers' organisations (ABI, AIAF, ANIA, ASSIREVI, ASSONIME, CONFINDUSTRIA, UTILITALIA, CSR Manager Network).

The first consultation contained 26 questions which could be grouped into 6 main areas.
The first area was generally aimed at understanding the extent to which the disclosure of non-financial information by companies could be a key factor in the decisions taken by stakeholders, based on the contents of the EU Directive and previous experience of non-financial reporting.
The second area concerned the enforcement of the EU Directive and whether the minimum requirements should be applied or extended to other types of companies.
The third area related to the reference standards for the identification and accountability of the indicators. The fourth area was centred around whether companies that already reported on non-financial parameters in an extra report should be allowed to keep this information separate from the financial statements.
The fifth issue was about the policy of diversity with regard to corporate governance, though only related to those organisations which had admitted to trading their securities on a regulated market in a member state.
The last area of the consultation concerned the assessment of non-financial information and whether only the submission of the declaration of non-financial nature or also third-party assessment should be mandatory.
The mediation work was particularly intense, considering that the parties involved had expressed very divergent positions on many questions. Taking into account the comments, the Department drew up a draft of the legislative decree.
The draft of the legislative decree (law) was submitted to the subjects and stakeholders for assessment, in order to obtain comments and proposals for amendments. Then, a second consultation was conducted, again, in the form of an online public consultation. In total, 32 subjects were involved in the second consultation, of which three were unions (CGIL, CISL, UIL) and seven (ABI, AIAF, ANIA, ASSIREVI, ASSONIME, CONFINDUSTRIA, UTILITALIA, CSR Manager Network) were employers' organisations. The three unions presented a common document.
The main choices of the second public consultation were focused around the scope of application of the legislative decree, the standards and methodology, as well as the compliance of the information provided.
Following this, the Council of Ministers approved the Legislative Decree implementing the EU Directive in preliminary examination.
The draft of the Legislative Decree passed the examination of the relevant committees. The Parliamentary Committees for Justice and Finance of the Chamber of Deputies and of the Senate expressed their opinion on the draft of the Legislative Decree.
The discussion between the political forces was broad and articulated. The Senate was much more receptive to the request to broaden the target group of the decree: including public utility companies, companies that receive public funding or participate in government's tenders, as well as those which have a relevant impact on society and on the environment. In addition, the Senate had suggested adopting a single standard of reporting that would be best suited to facilitate comparisons between the data presented by different companies obliged to prepare non-financial reporting. Finally, the government was invited to adopt a reward mechanism for SMEs that voluntarily decide to submit their non-financial reports.
After receiving the opinions, the government thus approved the final text of the decree.

The three trade union organisations (Cgil, Cisl and Uil) were unanimous in their criticism of the fact that the Italian law did not limit the use of autonomous methodology. In order to ensure the uniformity and comparability of the information, it would be important to use internationally and nationally recognised reference standards. Also, the Italian law provides for the possibility to not publish information which may harm the commercial policy of the undertaking. Lastly, the foreseen sanctions in case of non-publication of the report on non-financial information were criticised as being too modest.

In Austria, key stakeholders were asked to put forward their views during a public consultation. The chambers of labour and trade unions raised the following points: The scope of the Act should be extended to also include 'public interest corporations' as defined by the criteria for large corporations pursuant to the Austrian Commercial Code (UGB). In addition, the scope of the Act should be extended to large companies that are majority-owned by the Austrian federation, and to extra-large companies pursuant to the Austrian Commercial Code ("XL companies") that are not listed on the stock exchange.
Finally, the employee organisations called for it to be made mandatory for the NFI statement to be audited externally to ensure that the statement on non-financial information acquires similar significance to that of financial reporting, and that the information presented in the statement played a role in shaping the management of the given company.
Most NGOs argued along similar lines to those of the employee organisations. 22 organisations participated in the public consultation. Of those, for example, sixteen called for mandatory Key Performance Indicators. However, only very limited consideration was given to those demands when transposing the EU Directive into national law.
Imprecision with respect to the content that needs to be reported was singled out for criticism as the greatest weakness of the EU Directive. The unclear phrasing was adopted almost word for word in the Draft Act. At the urging of the employee organisations and NGOs, in the commentary on the Act, the Comprehensive Option of the GRI G4 Guidelines, in accordance with the materiality analysis specified therein, was defined as a "safe harbour", which was a minor achievement. In addition, on the initiative of the employee organisations, employee matters were specified as follows: "With respect to social and employee matters, the statement should contain information on measures taken to ensure equality with respect to gender, origin and religion, on implementation of the fundamental conventions of the International Labour Organisation, on working conditions, on social dialogue, especially with employee organisations, on respect for the right of employees to be informed and consulted, on respect for the rights of the trade unions, on occupational health and safety, on training and professional development, on workforce trends in the categories of contract types, working hours, employee turnover and income trends, on dialogue with local communities and on action taken to ensure the protection and development of such communities, unless the company declares that it does not have a policy on such matters and provides relevant justification."

An inter-ministerial group was formed to prepare a proposal for the transposition in Germany.
A draft proposal was developed by the Institute of Accounting and Audit of Accounts (Ministry of Economy, Industry and Competition).
The transposition of the EU Directive was not discussed in the CSR Forum introduced in Chapter 1, which is supposed to advise the Federal Government on further developing the national CSR strategy and drawing up recommendations on individual topics. Whether some civil organisations or trade unions asked for a debate within the CSR Forum regarding the transposition is unknown. The last meeting of the National CSR Forum was held on 29 January 2015, even though it is usually scheduled to meet twice a year.
The procedure of preparing the transposition law started with a concept paper of the Ministry of Justice, followed by the first consultation of stakeholders.
37 organisations took part in the consultations held by the ministry, including the German Confederation of Trade Unions (Deutscher Gewerkschaftsbund – DGB) and 17 employer organisations. The written contributions of all organisations are documented on the website of the Ministry.
In the consultations as well as the later debate in the Bundestag, NGOs and the DGB articulated criticism of the government's approach of doing very little in the way of exercising the national options.

In the two consultations of the Ministry of Justice and after the Cabinet of Ministers had issued their decision, the DGB delivered written statements explaining the approach taken by trade unions regarding the transposition of the EU Directive into national law. They were in favour of including the statement on non-financial information into the annual management report and against allowing it to be a separate report. Also, what was demanded was that a legal obligation to publish non-financial information be placed on both the largest private enterprises and all companies with more than 250 employees. According to the DGB, the definition of relevance in the transposition law was too restrictive and needed to be modified. Furthermore, they believed that the law should be amended to make it obligatory for worker representatives to be involved in the preparation of statements on non-financial information. They also called for the reporting regarding the situation in the supply chain to be improved. Regarding the reporting standards, the DGB favoured the German Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK) and they wished for consumer matters to be an obligatory topic. The DGB was also against the solution regarding the reporting on non-financial information in daughter companies and the opt-out clause given by an individual provision in the German Commercial Code. Regarding the auditing of statements on non-financial information, the DGB demanded a check by an auditor.

There was no formal consultation process regarding the transposition of the EU Directive in Denmark. No official positions of trade unions on the implementation of the EU Directive were published. Still, there were some demands which are worth mentioning. These include: a more specific definition of employee matters, obligatory involvement of workers' representatives in the preparation of statements on non-financial information, a real solution to wider agreements on the national definition of Key Performance Indicators, non-financial information about the situation in the supply chain as an important statement that should be obligatory, the opt-out clause as an unsatisfactory solution. Reporting should also be obligatory in daughter companies, or at least a clear reference to the main company's report should be provided. Furthermore, a check of non-financial information by a statutory auditor or audit firm should be obligatory.

A proposal was prepared by the Ministry of Finance in Poland and, following a procedure of pre-consultations and consultations, it was submitted to Parliament. The central-level Polish trade union federations and confederations (NSZZ Solidarność, OPZZ and Forum Związków Zawodowych) took part in the consultations but none of them presented a statement. The implementation proposal was not discussed at the Social Dialogue Council.

In France, a proposal to amend the current law was launched through comments by the Ministry of the Economy and Finance. Prior to this proposal, discussions on a number of issues took place between the public authorities, including: the National Platform for Global Action for Corporate Social Responsibility (CSR Platform), the Citizens' Forum for CSR, the Forum for Responsible Investment (FIR, FrenchSif) and several trade union confederations including the CFDT.
During the consultation, the CSR Platform, whose members include the main trade union organisations (CFDT, CGT, FO, CGC-CFE, Unsa), and the Citizen Forum on CSR (on which the CFDT and CGT are also represented) made several joint requests:

- the application of the new legislation to listed and unlisted companies
- (same categories of information to be provided);
- appropriate sectoral indicators, i.e. adapted to the situation in each sector and adjustment of the already obligatory list of items
- extending the scope of reporting to subsidiaries, country by country;

For trade union organisations and the majority of stakeholders, a consolidated report prepared by a parent entity does not allow sufficient analysis of the various activities, especially in the case of diversified companies. The question of the treatment of subsidiaries should not be considered from the point of view of thresholds, but rather, according to the differences in the nature of activities within the parent enterprise. Consolidation, which mixes activities of different types and geographical locations, does not allow for reliable use of the data. For groups with diversified activities, the parent company's consolidated report should show the CSR data of each subsidiary in each country. It was the trade union organisations that put particular emphasis on this point.

Furthermore, specific demands from certain trade union organisations were articulated, of which two examples highlight the specificities of the transposition process in France. The CFDT proposed a reference to "loyalty of practice" in addition to information on actions taken to prevent corruption. For this trade union centre, it was also desirable for the reports to include information on the main lobbying activities, donations or payments to political parties or politicians in countries where they were legally authorised. Also, they wanted the following information to be provided country by country: the name of each establishment, nature of business, turnover, number of employees, profit or loss before taxes, income taxes and government subsidies received.

The CFDT also posed the question of the extent and limits of the tasks assigned to the Independent Third Party Organisation (ITO) in terms of control. This issue was insufficiently discussed by the stakeholders of the CSR Platform during the consultation. However, it was completely understandable that the question of the independence of a structure entirely financed by the private sector was raised. Part of the control could reasonably be assumed by a stakeholder committee. The ITO is able to monitor the disclosure of non-financial information and ensure legal compliance, but stakeholders, especially employee representatives, are most suitable to perform the resulting risk analysis and assess the relevance of the information provided.

Country	Scope	Content
Austria	• over 500 employees • net turnover over EUR 40 million or balance sheet total over 20 million • public interest entities:* - capital marked oriented enterprises	• a description of the undertaking's business model • company policies relating to non-financial matters and the ourcomes of those policies • principal risks related to non-financial matters and business activities • any non-financial KPIs which are used
Belgium	• over 500 employees • net turnover over EUR 34 million or balance sheet total over 17 million • public interest entities: - settlement organisations	
Denmark	• over 250 employees • net turnover over DRK 313 (EUR 42) million or balance sheet total over DRK 156 (EUR 20 million) • Undertakings of accounting class D: - Listed companies - State-limited liability companies	likewise
France	• over 500 employees • net turnover over EUR 40 million or balance sheet total over 20 million • additionally required to report: - non-listed sociétés anonymes and non-listed investment funds with net turnover over EUR 100 million	likewise
Germany	• over 500 employees • net turnover over EUR 40 million or balance sheet total over 20 million • public interest entities: - capital marked oriented companies in the legal form of a limited liability company or cooperative	likewise
Italy	• over 500 employees • net turnover over EUR 40 million or balance sheet total over 20 million	likewise
Lithuania	• over 500 employees • net turnover over EUR 40 million or balance sheet total over 20 million • public interest entities: - pension funds, - state and/or municipality owned large public or private limited liability companies,listed companies - investment undertakings, - Central Securities Depository and Vilnius Securities Exchange - brokerage firms - management companies	likewise additionally: explanation of the sums indicated in the financial statement which are relevant to corporate social responsibility
Netherlands	• over 500 employees • net turnover over EUR 40 million or balance sheet total over 20 million	likewise
Poland	• over 500 employees • net turnover over PLN 170 (EUR 40) million or balance sheet total over PLN 85 (EUR 20) million • public interest entities: - pension funds - national payment institutions - electronic money institutions - entities intending or pending for admission to one of the EOG regulated markets	likewise
Spain	• over 500 employees • net turnover over EUR 40 million or balance sheet total over 20 million • public interest entities: - Payment and electronic money institutions - Pension funds which, during two consecutive years, at the closing date of each year, have at least 10,000 participants - Investment services and collective investment institutions, which has 5,000+ clients or 5,000+ shareholders • entities who, during two consecutive years, at the closing date of each year, have a net turnover over EUR 2 billion, and over 4,000 employees	likewise additionally: explanation of the sums indicated in the financial statement which are relevant to corporate social responsibility
Sweden	• over 250 employees net turnover over SEK 350 (EUR 35) million or balance sheet total over SEK 175 (EUR 17 million) reporting obligation applies to all types of companies that fulfill at least two of the criteria regarding turnover, assets or number of employees, and is not limited to PIEs	likewise additionally an explanation of the sums indicated in the financial statement which are relevant to corporate social responsibility
United Kingdom	over 500 employees	likewise

* In all countries except Denmark, the reporting requirement applies to public interest entities, i.e. listed companies, credit institutions and insurance undertakings. The table only contains additional national definitions for public interest entities as well as entities that are additionally required to report.

additional source:
CSR Europe and GRI: Member State Implementation of Directive 2014/95/EU - A comprehensive overview of how Member States are implementing the EU Directive on Non-financial and Diversity Information

Frameworks	Disclosure format	Comply or Explain	Safe harbour	Auditor's involvement
may rely upon an international, national or EU based reporting framework	within the annual report or as separate report published with the management report	yes	yes	presence of statement
likewise	within the management report or as separate report with reference made to management report	yes	yes	presence of statement
likewise with reference to UNGC COP, PRI or GRI	within the annual or management report or as separate report published on the website of the enterprise, for a period of 5 years, with a reference in the management report	yes	does not apply	presence of statement and consistency check of disclosures as part of the review of the management report
likewise	within the annual report within 8 months of the end of the financial year and made available on website for 5 years	yes	yes	presence of statement and content required if company has 500+ employees and a turnover over EUR 100 million or balance sheet over EUR 100 million
likewise	within the management report or a separate non-financial report, within 4 months after the balance sheet date made available for 10 years on company website or central register for annual management reports (www.bundesanzeiger.de)	yes	yes	no mandatory verification, but if the report is verfied by an auditor or an independent assurance services provider, the audit report has to be published
likewise or a mixed reporting methodology constituted by one or more	within the management report or a separate report, approved by the approved by the administrative body and at disposal of the supervisory body and the auditor, within the deadline for the financial statements, published on the company register and alongside the management report	yes	yes	presence and content of statement
likewise	within the annual report or a separate report published within 3 months of the last day of the financial year and made available on the company website and referenced in the annual report	yes	yes	presence of statement
likewise	within the annual management report	yes	yes	presence of statement
likewise	within the management report or a separate report published alongside the management report within 6 months of the balance sheet date, made available on the undertaking's website and referrenced in the management report	yes	yes	presence of statement
likewise explicitly mentioned: EMAS, UNGC, UNGP, OECD, ISO 26000, ILO Declaration or GRI	within the management report or a separate report published alongside the managemnet report, or a consolidated management report (provided the company scope criteria are exceeded 2 years in a row)	yes	yes	presence of statement
likewise	within the annual report or a separate sustainability report published alongside the annual report	yes	yes	presence of statement
likewise	within the strategic report	yes	yes	presence and content of statement

INTERVIEW
INE SMITS AND GUY VAN GYES

Name	**Ine Smits, Guy Van Gyes**
Country	**Belgium**
Organisation	**HIVA-KU Leuven**

What is your personal motivation for working on topics related to non-financial reporting?

Non-financial information is a broad concept with three important pillars, each of which was incorporated into the current practice of company reporting for different reasons.

Looking at the environmental pillar, I think well-developed legislation on non-financial information reporting can play a major role in the efforts of slowing down climate change.

Regarding the social pillar, the importance of non-financial information reporting by companies is even more crucial. The obligation to report information on employee matters can be an incentive for companies to ameliorate their human resource strategies, but also, it can raise awareness on the importance of employment quality.

Even though at first sight the pillar related to human rights, anti-corruption and bribery matters may seem less critical in Western societies, it is also crucial. On the one hand, this is because violations in this respect should be prevented. On the other hand, and in a more indirect way, this could be a way to encourage companies to become acquainted with the environmental and employment conditions of their larger network. In a global economy, the main idea should be that companies not only report on their local company's state of affairs, but also include their supply chain and even partners or investors.

When did you first start working on topics related to non-financial?

For over 40 years, HIVA has built an extensive knowledge base on employee matters, including research into job quality and employee participation. Research on corporate social responsibility theories, practices and instruments, which is critical from the perspective of the employee, has been one of the focal points linked to the basic questions: what is or can be the added value?

What has changed since then?

Regarding employee matters, we notice an increased interest in the importance of social relations when measuring job quality. This implies that there is increasingly more legitimacy for the attention given by researchers into job quality to employee representation, among other things.

Regarding non-financial information in general, this increasing interest is observed as well. During the past 15 years, legislation on these topics has emerged, gaining more and more societal support.

Of course, this rising interest has to do with the intensifying struggle of trade unions and labour movements to exert influence on the social performance of companies using the framework of the existing institutions and the increasingly disturbing effect of the financialisation of corporate

governance. Moreover, the stakeholder perspective has been broadened with new topics coming into play, especially those related to sustainable development and internationalisation / decent work.

What benefits can trade unions in particular draw from non-financial information?

The publication of correct non-financial information can be a very interesting source for trade unions to gain clarification on the actual state of affairs in companies and sectors. As for their influence at the political and policy level, the reports comprise important information that could serve as the basis for well-defined and solid recommendations and demands. The reports can provide information on the topics that require more attention and can uncover common problems which trade unions have previously failed to detect using other, traditional means. Also, the results of the analyses of these reports facilitate a comparison of companies and sectors, which could promote understanding of the labour market and the identification of priorities for policy interests.

For the same reasons, insight into the non-financial information reports, can also improve the local work done by trade unions within companies. First of all, this is because trade unions are now better informed, and secondly, because the obligation to compile and present such a report forces companies to pay sufficient attention to these matters, which could result in better performance regarding environmental and employee matters.

However, the benefits must not be overestimated. It is only an instrument of information and as such – a limited power instrument. Besides process problems, such as obtaining useful and interpretable data from the right company level, it is only a first step in establishing improved governance models within a company such as, for example, a shift from shareholder to stakeholder governance or taking into account the transnational level.

What is the most remarkable difference in your country regarding non-financial reporting compared to other European countries?

Belgium has a well-defined system of information and consultation, which means that the Works Council has insight into the financial and economic information of the company. This information strengthens the power of trade unions.

Regarding the reporting on non-financial information in specific, currently, some of the information is included in the annual management report, which is made publicly available on the company website or by the National Bank of Belgium. Evidentially, this publication can be of great advantage for the non-financial information reporting practice.

What has been the biggest setback for working on non-financial information?

Before the European directive, no overarching legislation on non-financial information existed, causing the treatment of this topic to become very fragmented, with different legislators, responsibilities, requirements and conditions. Since the responsibilities resulting from the different topics are spread over municipal, regional, federal and more levels, this fragmentation will continue to make it difficult to further develop this legislative field and to take steps forward.

How do you see the future of non-financial reporting?

It is crucial to shift the focus of the companies, which is currently on financial reporting, and proceed to the next step, in an attempt to develop a legislative framework on non-financial information. Bearing in mind the increasing attention given to the three main topics (environment, personnel and human rights) in research as well as in society, it seems that the time has come and policy makers are now able to enjoy sufficient support, helping them to embrace these matters and create a sustainable framework.

What should be the next steps for unions in dealing with non-financial reporting?

Since trade unions can have a significant influence on policy making so long as they agree on compromises with the employer's representative organisations, it is important to maintain good relationships with each other in order to make full use of this possible impact. This will facilitate the debate on non-financial information reporting and will lead to more progressive outcomes.

Regarding the content of non-financial information, it is important to keep moving forward and not to become complacent with the current state of affairs. In addition, it is the task of trade unions to convince companies at the local level of the importance and utility of the non-financial information reports.

Through their relations with all types of companies in all sectors, trade unions play a significant role in the dissemination of reporting practice by showing companies how they can take this chance to positively influence the company traditions and publication.
However, a warning is necessary once again. 'Information' is not 'participation' and when one wants the interests and influence of other stakeholders to increase in corporate governance, what is more important are other innovative measures than simply those related to information disclosure. By letting the powerful actors in corporate governance report on what they do, changes are only limited regarding who these power actors are and what they decide.

What are your political demands for the further development of non-financial reporting?
The current directive is a good starting point in this rather new legislative field but it contains some weak points that should be clarified in the coming years, in order for this reporting practice to effectively impact the labour market. In the first place, the legitimacy and impact of non-financial information reports can be increased by adding the company's supply chain to the scope of the report. Also, broadening the target group of the legislation to include state-owned enterprises will contribute to the legitimacy of the reporting practice. State-owned enterprises have a role of setting an example, especially regarding the topics of employee matters, environment and human rights.
A second option to further improve the current directive is to include regulations on the availability of the reports. Making the non-financial information reports publicly available can increase the actual impact of the reports, because the information will be open to the public, incentivising companies to effectively invest in these topics. However, since the aim of these reports is not merely to be used by companies as a promotion, high-quality audits are a necessity. Without such audits, there is a high risk that these reports will be treated as simply an extra obligation without sufficient attention given to them.

INTERVIEW DAGMARA SKUPIEŃ

Name	dr hab. Dagmara Skupień
Country	Poland
Organisation	Faculty of Law and Administration, University of Lodz

What is your personal motivation for working on topics related to non-financial reporting?
The scope of my scientific research covers especially social dialogue, workers' involvement in management, and the activities of trade unions and works councils. It seems quite obvious that non-financial reporting falls into my area of interest.

When did you first start working on topics related to non-financial reporting?
In 2011, I participated in the preparation of an ETUI report on non-financial reporting.

What has changed since then?
The interest of undertakings in the preparation of CSR documents has increased. Non-financial reporting has experienced stronger alignment with international standards and the content has become more precise. We have yet to see what changes the new mandatory rules in Poland will bring, which are the results of the transposition of Directive 2014/95/EU.

What benefits can trade unions in particular draw from non-financial information?
The consolidation of different non-financial information in one single document might offer some conclusive insights. This could be useful for consultations on topics tackled in the CSR documents.

What is the most remarkable difference in your country regarding non-financial reporting compared to other European countries?

I am not sure how much of a difference this represents in comparison with other countries but companies in Poland mostly do consult CSR documents with different stakeholders, though not necessarily with trade unions or works councils. Social dialogue with 'internal stakeholders' like trade unions or works councils usually takes place only in the groups of companies and individual companies where the State Treasury is a majority owner, for example the LOTOS Group. Even there, the employee representatives do not seem to be involved in the preparation of non-financial reports. The trade unions' confederations in Poland do not see non-financial reporting as offering new perspectives for their activities.

What has been the biggest setback for working on non-financial information?

The relatively little scientific writing in Poland on this subject.

How do you see the future of non-financial reporting?

The documents will become more elaborate, more precise and prepared in compliance with international standards. With this being said, I do not foresee that trade unions or other employee representatives will play any serious role in their preparation. Non-financial reporting will probably remain a unilateral issue for the management bodies of companies, serving to improve their social, ethical and environmental image. The majority of companies, especially those in the private sector, are becoming more inclined towards leading dialogue directly with employees.

What should be the next steps for unions in dealing with non-financial reporting?

Trade unions should carry out evaluation of the importance of the transmitted information as well as an analysis of a possible need for consultations on different matters covered by non-financial reports.

What are your political demands for the further development of non-financial reporting?

Non-financial reporting should be developed according to stricter rules resulting from international standards. Also, the approach towards the preparation of CSR documents has to become more inclusive and more participatory. The consultation of the content of non-financial reporting with trade unions, or other employee representatives, in the companies where trade unions are not present, should thus be made obligatory.

NON-FINANCIAL REPORTING AND EMPLOYEE REPRESENTATIVES – PERCEPTIONS AND ATTITUDES

As part of the detailed country studies, for Belgium, France, Germany, Italy and Spain, interviews based on structured questionnaires were carried out with trade union representatives at national level and workers' representatives at company level. Though this approach did not constitute a representative study, it nevertheless allowed us to draw valuable qualitative conclusions on how labour representatives perceived NFIR, what they expected from the Directive and what effects on social dialogue they anticipated.

First, the interviews explored the knowledge of and the attitude towards NFIR in general, the process of its publication and its means of dissemination. Then, the interviewees were asked to provide an outlook and assessment of possible changes in the area of industrial relations following the new legal obligation to publish NFIR.

As described in the previous parts of this publication, NFIR requirements have been in place in France for nearly 15 years. After more than a decade, the debate still remains almost identical. For French trade unions, NFIR was closely related to the question of a new concept of governance, which was not just about the issue of diversity in the administrative, management and supervisory bodies of the company. Although trade unions were very active in promoting NFIR processes, they are still rarely associated in committees inside the companies. Therefore, workers' representatives were hardly involved in the process of identifying the issues taken into account by companies in their reports. Trade union organisations were never consulted prior to the drafting of NFIR. The management was required to notify the works council of the documents that would be sent to shareholders at the annual meeting, on which the works council were allowed to submit an opinion, but apart from that, there were no further possibilities of involvement. At best, some large companies presented their NFIR to workers' representatives only after their publication, though the distribution was fairly restricted.

In the opinion of the majority of the union representatives interviewed, the management utilised CSR committees to enhance its capacity to adapt NFIR priorities in a strategic way, sometimes with the support of a materiality matrix. Unfortunately, most of the time, companies would make only small adaptations without any significant change in their practices of implementing CSR policies or the organisation of the reporting process. This was the reason why union representatives were disappointed and disaffected by NFIR, which they perceived as a communication tool or some bureaucratic exercise of compiling indicators without any clarification as to their meaning for the company's actions.

The interviewees stated that some very few pioneer companies had a predilection for dialogue with trade unions at the national or sectoral level despite having internal union representatives. This was because the top management were looking for expertise, which would not yet exist among local union representatives. However, some of the interviewed union representatives who had already experimented with the implementation of ISO 26000 by participating in CSR committees think that perhaps sufficient experience and political will of the top management could lead to better recognition of the skills of union representatives regarding NFIR matters. In their view, the promotion of long-term, faithful and constructive dialogue and accompanying measures of capacity building for union delegates could make this possible. Conversely, the lack of information, training and of consultation processes would put a brake on it. As involvement was usually minimised, trade unions often regarded discussion of NFIR matters as a luxury in a very difficult period of the current crisis.

The interviewed workers' representatives complained about the great disparity in NFIR, making comparisons difficult. This heterogeneity could be explained by the wide margin of interpretation allowed for by the legal framework, in particular, by the lack of specific indicators recommended by the legislature, as well as by the various motivations behind such publication. The interviewees expressed that the main motive for the preparation of NFIR was not to contribute to a consultation with stakeholders, but rather to meet the expectations of the financial community and rating agencies. Only in one company out of four was NFIR actively utilised for social dialogue. The NFIR require-

ments had not yet given rise to significant involvement of employee representatives, but certainly, the overall picture was not uniform. Often, the distribution of NFIR was confined to a small circle of people, making it impossible to make use of the reports. Despite the current lack of involvement, the four case studies that have been conducted have shown that under certain circumstances NFIR could play a key role in enhancing the social dialogue. One interviewee stated that the approach to NFIR had to be different across the different sectors. Trade union federations could play an energising role in this respect, but for this to happen, they would need the desire to drive forward a new dynamic. If there is no large-scale effort to raise awareness on the question of NFIR inside the sectors, the impact will remain weak. It was also pointed out that the ways to give trade unions better access to company's NFIR could be explored, for example, by challenging one company with information from a competitor's report. Furthermore, it was noted that, to date, certain trade unions had preferred to concentrate on stricter social agreements, while others would favour the idea of social negotiations being integrated into the framework of an agreement encompassing NFIR, effectively incorporating social and environmental concerns.

Belgium constitutes another country where NFIR was already mandatory prior to the Directive. As mentioned earlier in this publication, trade unions and workers' representatives in Belgium are traditionally well supported by Belgian law and organised social dialogue is a standard practice. However, even though a lot of information was already available in the annual management reports, it was not used by trade unions or by any other institutes. The interviewees expected that the new NFIR obligations would go rather unnoticed by trade unions and workers' representatives. This is because companies already presented a very extensive and "bulky" NFIR, in which everything was presented more positively than it actually was, though at the same time, failing to provide any answers to the real critical question they had. It was affirmed that employee representatives were indeed interested in the reporting and that there was a demand for specific information about employee matters, though the existing reports, being part of the company's marketing strategy, would not provide that kind of sensitive information. Nevertheless, the interviewees welcomed the new obligations arising from the Directive, as they were hoping for a change now that the new law would require companies to provide workers' representatives with more information, including some additional specific information regarding social issues.

However, when asked about the significance of NFIR, the interviewees conceded that CSR matters were more likely to play a role in companies with a close cooperation between the management and workers' representatives that had an interest in, e.g., innovation and organisation, whereas they were hardly a topic at all in companies where employees were out on strike over their wages or working conditions. The interviewees also stated that there had been attempts at the national level to formulate demands for negotiations with the management about the form and content of NFIR but, unfortunately, employers' organisations had been very quick to refuse. Consequently, the interviewed trade union representatives doubted that workers' representatives at company level would demand to be involved in the reporting process anytime in the near future.

Asked about their expectations towards the EU legislators, the interviewed trade union representatives stated that a central website, similar to the GRI one, which collects information on all types of NFIR, could prove useful. Furthermore, it would be interesting if the EU carried out comparative studies between companies and countries, analysing the quality and content of the reports and developing a scoring system at company and country level. They also agreed that as long as there was no binding reporting standard, the differences in quality would persist, making it more difficult to monitor and asses the possible impacts.

At company level, since it was obligatory to inform, consult and present the information contained in the annual management report, including mandatory NFI, to the works council, the majority of employee representatives confirmed that in all cases they had the opportunity to read the report, that the report had been formally presented to them and that there had been an exchange between the management and trade unions regarding the report. Additionally, the quality of the information was assessed to be positively related to the size, union strength and "age" of the company.Nevertheless,

the situation was different when looking at the preparation of the report, where workers' representatives were not involved at all. Thus, involvement in the implementation and execution of some elements of the annual management report or financial report, such as the social balance sheet, did not mean that there was actual collaboration with regard to preparing the annual report. The reactions of workers' representatives at company level as to the impact or opportunities of the legal obligation varied across the interviewees. As a summary, it can be stated that a majority were unambiguously positive about NFIR and the Directive, seeing it as a chance to treat this subject properly. However, while all interviewees were able to identify important advantages of this type of report, not everyone was convinced that it would have much impact on the topics in social dialogue or industrial relations, nor would it spur workers' representatives to formulate more radical demands. Exceptions were noted in two companies, in the food and beverage sector and in the financial sector respectively, where the interviewees expected the NFIR obligation not to influence the interests of workers' representatives or the social dialogue at all, because the topics covered were not considered important enough.

With regard to companies with a European Works Council in place, the answers of the interviewees varied widely, suggesting this would depend on the specific company structure. Also, it became clear that it was difficult for workers' representatives to predict these possible changes and impacts on a European level, given the different forms of implementing the Directive in the various member states in which they operate.

In Italy, representatives of both trade unions (CISL and CGIL) agreed on the importance of NFIR and concurred that trade unions should assume a vital role in its production. NFIR should neither be a mere marketing exercise nor should it replace social dialogue, but it was seen as a means that could contribute to and complement social dialogue. NFIR was about integrating responsible behaviour into the company's day-to-day operations and activities and it needed to be based on the principle of equal dignity of all subjects involved in these business activities. However, this process would presuppose that the logic of profit was not a sufficient condition in determining the real value of productive activity, but instead, social and environmental sustainability will have to become a fundamental parameter of business activity.

The trade union representatives also saw that NFIR could be used in a misleading manner, with the sole aim of giving the company a more attractive facade. For this reason, the responsibility of trade unions should be to promote NFIR as an instrument of economic democracy. A substantive approach ought to be taken to the obligation to produce and adopt NFIR . NFIR should not be a mere marketing tool of the enterprise but it should contribute to improving labour conditions and the social responsibility of the enterprise. Trade unions and other stakeholders could gather a huge amount of information about the company through NFIR, which was a key factor in the negotiation processes. However, in cases where workers' representatives were not able to have a say on the definition of NFIR standards and in NFIR production, it was up to the management to choose what information it wanted to share. The interviewees, therefore, advocated for the introduction of controlling measures, such as the creation of some sort of social rating agency or supervisory body at national level. They also saw the need for developing and deepening relationships at international level in order to define and improve the standards of NFIR production and strengthen the role of workers' representatives in this process.

Although, on the trade unions' side, there was an overall positive attitude to the new reporting obligations, the interviewees also underlined the fact that, in the trade union's agenda, the matters of NFIR were not currently at the top of their priority lists. This could prove to be a critical factor, since the shift from voluntary to compulsory reporting would require steady dissemination of NFIR topics among workers and their representatives. Therefore, trade unions, especially at national level, would need to stimulate the participation of workers' representatives in NFIR production and evaluation. This is particularly because the interviewees agreed that NFIR could provide a crucial source of information on the company's workforce and contract types and conditions, which workers' representatives could utilise in negotiation processes.

On the other hand, the interviewees noted that the Directive had some weaknesses too, particularly, the lack of binding standards, which is something that should be monitored once the first NFIR have been published in 2018. Uniformity and comparability had to be guaranteed through the use of recognised international and national reporting standards, thus trying to limit the use of different reporting methodologies by companies. For workers' representative, comparability would significantly increase the value of the information given and enlarge the possibilities to utilise it. Furthermore, NFIR obligations should be expanded to information about the supply chain and subcontracting.

NFIR production should involve workers and their representatives at company level, which was not the case in the majority of companies to date. Although the interviewees admitted that it was foreseeable that the management would not request that workers' representatives be involved in the process of NFIR production, they recommended a proactive approach by increasing participation in the overall NFIR process and diffusion. In negotiations with the employer, both workers' representatives and trade unions should develop proposals regarding the standards, content and format of NFIR.

Looking at the company level, the small sample across various business sectors showed different, but overall rather low, levels of knowledge about NFIR among Italian workers' representatives, ranging from rudimentary (almost absent) knowledge of NFIR matters to extensive expertise. In all cases, NFIR was perceived as a management duty which did not presuppose any formal involvement of workers' representatives. With regard to dissemination activities, only one company organised a public presentation of its NFIR and one other produced brochures with a summarised version for its clients. Feedback was usually not given, neither from workers' representatives nor from other stakeholders. For all interviewees, NFIR therefore constituted quite an abstract document with mere marketing aims. Furthermore, all stated that they had been given no information regarding the Directive and the fact that there were new reporting obligations starting from 2017. Consequently, they were not able to point out any weaknesses or strengths with regard to NFIR in their companies.

As a result, they all stressed the need to receive more information about NFIR standards and production, and they would welcome the possibility to participate in any training activities regarding NFIR matters. Despite the little knowledge, they considered NFIR to be an important tool to improve industrial relations at company level. However, at the moment, the participation of workers' representatives in the process of NFIR production was completely non-existent, which was especially due to the prevalence of a mere marketing approach towards NFIR.

In Spain, NFIR had become more important in recent years due to the pressure from some stakeholders, including trade unions. Nevertheless, the majority of the interviewees stated that even if reports were addressed directly to some stakeholders, they were not addressed to trade unions in particular. Usually, companies would organise bilateral meetings or roundtables with stakeholders, albeit not with a view to obtaining feedback. The communication process was clearly characterised as not reciprocal. Only in very few cases, where the company was structured internationally, were there examples of exchange with trade unions. At national level, there were cooperative processes between trade unions and NGOs for promoting NFIR matters through the Observatory on Corporate Social Responsibility and the State Council of Corporate Social Responsibility (CERSE).

Among Spanish trade union confederations, trade unions, workers' representatives at company level and European Works Councils, there was an interest in participating in NFIR matters in order to actualise the business reality that was described in the reports and to develop the relationship and communication between civil society and enterprises for the purpose of general improvement of working conditions. NFIR were also seen as a chance to improve the possibilities of union action regarding the conditions of work in the company and in the subcontractor chain, as they provided trade unions with an opportunity to contrast what companies said in their NFIR with the reality in the workplace. With regard to the future use of NFIR, it was pointed out that these reports could strengthen union

actions in companies and improve accountability, transparency, corporate reputation and risk management. If the information given is biased or imprecise, this could help in determining the areas for improvement.

Trade unions, therefore, called for a general and mandatory framework in order to allow them to properly exercise the rights granted to them by the Worker's Statute. The interviewees stressed the current difficulty around this issue due to scattered and confusing information, the dilution of concepts and processes and the deficits with regard to the identification of stakeholders and the determination of the materiality of topics. The interviewees also agreed that a minimum of technical knowledge was necessary in order to assess and contrast the information provided in the NFIR.

It was also stated that the demand for more information and participation was more pronounced among trade union organisations than workers' representatives at company level. Only in large companies with a greater trade union structure was there a stronger interest in these issues and a greater demand for information. In the interviewees' companies, workers' representatives belonged to the union structure and all had experience in this matter. In most cases, they submitted remarks about NFIR to the management.

With regard to the new reporting obligations, the perception of the trade union officials interviewed was that there would be no major changes in the quality of the reports. In addition, given the tradition of publishing sustainability reports in the large Spanish companies, albeit on a voluntary basis, the number of companies affected by the Directive would be very limited, now and in the medium term. In this context, the general view was that the impact of NFIR on labour relations at the company level would be marginal.

The interviewed trade union representatives anticipated that in many companies, workers' representatives would ask to be involved in the design and preparation of NFIR, but it would require a union effort to support and assist those workers' representatives that decide to participate. Therefore, trade union organisations should be the driving force in promoting NFIR. However, within the union movement, there was still some scepticism about NFIR and even opposition to unionised work in this field. Except for the two major unions, CCOO and UGT, the rest remained dismissive of the topic.

The interviews with workers' representatives at company level confirmed the reservations regarding NFIR. There was a widespread view that NFIR would provide broad and diverse information, while the envisaged quality of this information was mostly assessed as poor. The prevailing opinion was that despite NFIR providing information on many matters, the reports did little in the way of accounting for the impacts and management practices within the company. Mostly, they were unclear on critical matters, particularly in relation to conditions in the supply chain. They lacked self-criticism and followed a strategy of corporate beautification. The workers' representatives interviewed considered NFIR to be an opportunity, seeing it as an axis of communication, but they did not think it was going to motivate additional demands. Furthermore, they doubted the credibility of the information provided because of the current instrumentation of these reports by the management.

Employer representatives, who were interviewed too, confirmed the previous assumptions. NFIR was not yet incorporated into social dialogue at any level. Greater involvement of trade union organisations was found at sectoral level, but much less so at company level, with few demands for information and participation. NFIR was seen fundamentally as an axis of communication in which the full responsibility for what was published and how it was published rested with the management. The interviewees came to the same conclusion that NFIR, at least in the short term, would not energise social dialogue, since NFIR matters had not yet been incorporated into the labour agenda. The traditional areas of negotiation and discussion (e.g., collective bargaining, business reconstruction, occupational health) had left no space or interest in addressing corporate responsibility matters in depth. In the opinion of employer representatives, NFIR would therefore not have a significant impact on labour relations.

Representatives of the National Trade Union Confederation and of the Sector Trade Unions in Germany, consistently agreed that there was a need for the establishment of a general and compulsory framework for NFIR. Despite making do with the voluntary approach for a long time, in general, trade unions had pushed for the adoption of the most inclusive and participatory approach in defining NFIR instruments. The interviewees saw potential in NFIR, however, as long as reporting remained voluntary, the interviewees did not see a chance to shift the form of the reporting from a marketing tool towards an accountability report, which would partially explain the previous "inactivity" on the part of workers' representatives. Additionally, the interviewees cautiously consented that, in the past, trade unions and workers' representatives had focused more on the negotiations of collective agreements rather than NFIR.

According to the interviewed full-time trade unions representatives, the utilisation of NFIR at company level remained highly deficient for several reasons. There is a perception that the management based the information on a "strategy of whitewashing", as self-criticism with regard to negative aspects of corporate policy was virtually non-existent. On critical matters, they would provide rather unclear information, especially with regard to conditions in the supply chain or countries where environmental regulations were hardly in place. The interviewees noted that NFIR were not taken into account due to a potential lack of information rights or the opportunities of being informed about CSR matters but, most of all, because the reports were perceived as a part of corporate public relations. It was explained that in terms of employment matters, there were information opportunities for workers' representatives through channels other than NFIR, in particular, through the information rights in the Economic Committee and, also, through workers' representatives on the Supervisory Board, minimising the perceived value of NFI reports.

The interviews with trade union representatives presented a much-divided picture with regard to the workers' representatives' knowledge about NFIR. In some cases, representatives of trade unions noted that the workers' representatives at company level had not yet been made aware of NFIR at all or had not expressed any desire to know anything about them. Often in these companies, the workers' representatives were not even aware that there was a CSR department. There was virtually no formal involvement of workers' representatives in the process of preparing NFIR. The preparation and publication of the NFIR was seen as a management task and considered a marketing approach. On the other hand, these cases were contrasted by other interviews that confirmed constellations in which workers' representatives had actively carried out or accompanied the process of NFIR compilation in their companies.

Despite the deficits mentioned above, the interviews conducted generally presented a positive image of knowledge and perceptions of NFIR among workers' representatives. The interviewees largely followed the management's view that the company ought to fulfil more than the legal obligations regarding information on environmental aspects. This was especially true for listed companies. It was also stated that NFIR served as an internal monitoring instrument. Overall, it was recognised by both trade unions representatives and workers' representatives at company level that the company managements and boards also faced up to their updated responsibilities. NFIR had therefore increasingly become a management task rather than just a matter of the CSR department within the company. In the opinion of workers' representatives, the strategic goal behind NFIR was defending the company's reputation and its enhancement.

The question of the correctness and accuracy of the information provided in NFIR did not feature in the interviews. However, as it apparently did not deserve a mention as a problem in an open discussion, it can be assumed that, in the opinion of the workers' representatives, there was no reason to doubt the truthfulness of the information provided. Notwithstanding this positive assessment of NFIR by the interviewees, additional highly critical assessments were made as well. The majority criticised the fact that the NFIR were addressed directly to individual stakeholders but not specifi-

cally to the unions and that companies would typically organise bilateral meetings or roundtables with stakeholders, though not in order to collect feedback but rather as a marketing measure. The communication process with civil society was reduced to press releases, leaving no chance for a mutual process of communication. There were few reported cases of external stakeholders sending their comments or communicating their expectations directly to the companies. With regard to trade unions, there were exceptions in cases where a union structure (Euro Works Councils) existed at international level.

Against this background, the assessment of NFIR by German workers' representatives, be it company-based or union representatives, came to a similar conclusion: Although the approach to develop NFIR as instruments for corporate accountability was predominantly desired and actively demanded, they were critical of the fact that NFIR were previously produced on a purely voluntary basis.

Conclusion

Regardless of whether reporting obligations had already been in place for many years or were newly introduced by the Directive, the interviewed trade union representatives and workers' representatives at company level all came to the same conclusion: NFIR could do a lot in the way of providing valuable information, though not in the current or expected form based on the requirements set out in the Directive. In all countries, the interviewees criticised the fact that even though NFIR did contain extensive information, they presented hardly any information on the sensitive matters which they would be the most interested in. Often, the data provided was unclear, with some crucial information omitted, e.g., on subcontracting or the supply chain. All interviewees perceived NFIR as a part of their company's marketing and communication strategy for meeting the expectations of the financial community and rating agencies, rather than as a true accountability tool. As trade unions and workers' representatives were not recognised as stakeholders and were not involved in the preparation and feedback process, the decision as to what information was published and how it was published was left solely in the hands of the management. The interviewees agreed that a binding standard would be necessary in order to enhance the quality and comparability of NFIR.

The interviewed trade union representatives admitted that this prevailing view of NFIR as a mere marketing tool was one of the reasons for their "inactivity" in this field to date. Some also conceded that NFIR matters did not rank the highest on their priority list as they had previously focused more on the negotiations of collective agreements than on CSR issues. Partially, these attitudes were found among workers' representatives at company level too. Especially in countries with a traditionally strong culture of co-determination and a high degree of information and consultation rights, such as Belgium and Germany, the information value of NFIR was not perceived as particularly high, as there were other channels for workers' representatives for obtaining the information they needed. With regard to the Directive, the interviewees therefore did not expect any impact on the social dialogue. The interviews have also shown that there is a greater advocacy for NFIR among trade union representatives at national level than among workers' representatives at company level. The question arises regarding the reasons for this gap. Do trade unions need to become more active in the promotion of NFIR at company level in the future? What the French case studies have indicated is that trade union's efforts in the past were seen as insufficient. In addition, it has been noted that there have been disagreements among trade unions about the significance of NFIR. While representatives in Italy believed that trade unions should assume a vital role in the promotion of NFIR, some trade unions in Spain remained dismissive of the topic. However, as one interviewee has pointed out, this could prove to be a critical factor, since the shift from voluntary to compulsory reporting will require steady diffusion of NFIR topics among workers and their representatives.