Dear MEP

**EU directive on non-financial reporting by companies**

We are writing to you as we are very keen that the EU agree and implement the most effective possible directive in relation to non-financial reporting by European companies.

European companies are global actors that touch the lives of people all around the world. We believe they should be as transparent as possible about the impacts they have on people and the environment. You have a vital role to play in influencing this as you are a member of a key committee discussing the proposals for non-financial reporting.

Those companies that consistently fail to report on their human rights and environmental impacts need to be held to account by their national government. In the case of the UK this is particularly relevant in light of the UK government’s recent publication of its National Action Plan for business and human rights, entitled ‘Good Business - Implementing the UN Guiding Principles on Business and Human Rights’. This has led to an even sharper focus on companies and their human rights impacts.

One of the ways of trying to minimise companies’ adverse impacts on human rights is to significantly improve their reporting on their impacts and risks to people and the environment. Companies often forget that, apart from their shareholders and bankers, there are a number of other stakeholders with a very strong interest in the company’s impacts, such as the people who live alongside and work in a company’s outlets.

As we know from the frequent media reports, many of the worst impacts on people and the environment happen in company supply chains. Requiring them to report on these issues will help to ensure that companies find out what’s going on in their supply chains and take action to avoid abuses.

It is also essential that companies are required to report against internationally agreed human rights and environmental standards such as the United Nations Guiding Principles on Business and Human Rights, the OECD’s Guidelines for Multinational Enterprises and the International Labour Organization’s core labour standards and not be able to pick and choose what to report against.

In addition it is crucial that there is a strong presumption in favour of companies disclosing information. Companies should not be given easy opt outs that enable them to avoid disclosure without a compelling reason. Finally, any agreed non-financial disclosure requirements must be accompanied by effective compliance rules, including consequences for companies who don’t report or report inaccurate or misleading information.

We hope that you will advocate for the most effective possible EU directive on non-financial reporting by companies, including an effective enforcement mechanism, which ensures full, accurate and credible disclosure by companies in compliance with the directive.

We would be grateful if you would keep me/us informed of any significant developments in this vital process to improve corporate transparency.

Yours sincerely