



April 2016
AK Position Paper

Public consultation on non-binding guidelines on methodology for reporting non-financial information

About us

The Austrian Federal Chamber of Labour is by law representing the interests of about 3.4 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community and military service - of the 3.4 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Rudi Kaske
President

Werner Muhm
Director

The AK's position in detail

I GENERAL PRINCIPLES AND KEY ATTRIBUTE OF THE NON-FINANCIAL INFORMATION

Q1 What aspects of disclosure of non-financial information do you think that should be addressed by the GUIDELINES?

	1 (least important)	2	3	4	5	6	7	8	9 (most important)
Materiality/Relevance	0	0	0	0	0	0	0	X	0
Usefulness	0	0	0	0	X	0	0	0	0
Comparability	0	0	0	0	0	0	0	0	X
Avoiding undue administrative burden	0	X	0	0	0	0	0	0	0
Comprehensiveness	0	0	X	0	0	0	0	0	0
Fairness and balance	0	0	0	0	0	X	0	0	0
Understandability	0	0	0	X	0	0	0	0	0
Reliability	0	0	0	0	0	0	X	0	0
Other	0	0	0	0	0	0	0	0	0

Q2 Who should be considered in your opinion the main audience of the non-financial statement?

- The shareholders
- The investment community in a broad sense
- Users of information with an economic interest, such as suppliers, customers, employees, etc.
- All users of information (including consumers, local communities, NGOs, etc.)
- Other

Q2.1 Could you please provide a brief explanation on your answer regarding who should be considered the main audience of the non-financial statement?

Non-financial information should be based on the Global Reporting Initiative, which has now become the globally recognised reporting standard. The non-binding guidelines must therefore ensure that the information requirements of these stakeholders are met, who are significantly affected by the activities, products and services of an organisation. (Compare GRI Materiality analysis).

Q3 In your opinion, what features make a piece of information relevant (or material) for the purposes of the non-financial statement?

	1 (least important)	2	3	4	5	6	7 (most important)
Useful for the management/directors of the company	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relevant for shareholders or investors' decision-making	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relevant for stakeholders in general	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Necessary to understand the impacts of the company's activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Necessary to understand the company's development, performance and position	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Necessary to understand how the company manages non-financial risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q3.1 Could you please provide a brief explanation on your answer regarding the features which make a piece of information relevant (or material) for the purposes of the non-financial statement?

Non-financial information must utilise performance indicators to illustrate the effects on employees, in the value chain, consumers and the environment as concretely and quantitatively as possible, that the stakeholders can articulate their requirements and management can determine target criteria. This is necessary to enable the consistency and comparability of reports mentioned in recital 6.

II CONTENT OF THE NON-BINDING GUIDELINES

Q4 Do you think that the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they put forward solutions in a detailed manner, including on specific sectoral issues?

	1	2	3	4	5
Please, indicate on a scale from 1 to 5 (1 geared towards general principles, 5 high level of detail/prescription)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Q4.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES will be more useful for companies and users if they set out general principles and key ideas or if they prescribe solutions in a detailed manner, including on specific sectoral issues?

Regulation 2014/95/EU can be understood as a reaction by the EU to the inadequacies of the principle-based approach of the modernisation guidelines at the time. Based on that reason alone, the areas listed in recitals 7 and 8 of the guidelines must therefore be substantiated in order to guarantee a uniform interpretation and the auditability of the contents. This requires compulsory KPIs.

Q5 Please provide a brief description of how you think that the following matters should be treated in the GUIDELINES, including as appropriate how they should be defined and described:

a. Business model

The key indicators drawn upon for the non-financial information must be defined (see also the GRI G4 implementation guidance), on the basis of which targets can be set and the process of target development and achievement can be mapped. In particular, incentive and performance bonuses should also be linked to the achievement of targets.

b. Policies

Above that NFI-Reporting has to be seen in the broader context of the Sustainable Development Goals (SDGs) – their implementation needs clear strategies towards a more sustainable economy. NFI-Reporting is an important part of that economy but needs solutions in a detailed manner, so that companies get clear landmarks they can use for developing a more sustainable way of business.

c. Due diligence process

Businesses should develop risk analysis and build and publish upon them a business plan how the human rights due diligence will be implemented along its value chain; based on specific performance indicators of the Global Reporting Initiative g4 progress for the general public must be clearly documented .

d. Business relationships

Regulation 2014/95/EU can be understood as a reaction by the EU to the inadequacies of the principle-based approach of the modernisation guidelines at the time. Based on that reason alone, the areas listed in recitals 7 and 8 of the guidelines must therefore be substantiated in order to guarantee a uniform interpretation and the auditability of the contents. This requires compulsory key performanc

e. Key performance Indicators - KPIs

All key indicators that are meaningful across different sectors for the sustainability performance of a company must be prescribed apodictically in the guidelines. Additional criteria should be a product of the materiality analysis conducted with the stakeholders affected by the corporate activities (see Q2.1)

Q6 How do you think that the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?

	1 (best option)	2 (second preferred option)
The GUIDELINES should highlight key principles on how to disclose relevant KPIs and complementariness with narrative and/or financial information as applicable	0	X
The GUIDELINES should make reference to KPIs proposed by other frameworks where addressing concrete matters or issues	0	0
The GUIDELINES should include a comprehensive list of KPIs, general and sectoral	X	0
The GUIDELINES should provide flexibility for companies to exercise judgement in deciding what KPIs should be included in their disclosures	0	0
Other	0	0

Q6.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should approach the disclosure of key performance indicators (KPIs)?

Only standardised KPIs can allow the required consistency and comparability mentioned in recital 6. KPIs are also a prerequisite for being able to integrate sustainability aspects into the business model. By combining them with financial parameters (e.g. in the management report), the same importance can be placed on KPIs as on conventional balance sheet ratios.

Q7 Do you think that the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?

	1	2	3	4	5
Please indicate on a scale from 1 to 5 <small>(1 geared towards general principles, 5 high level of detail/prescription)</small>	0	0	0	0	X

Q7.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES should include guidance on specific sectoral issues such as responsible supply chain management of conflict minerals?

Different industries are faced with different risks in terms of sustainability, social responsibility and their human rights due diligence. GRI G4 has therefore developed specific standard information relating to each industry. The guidelines must guarantee, as a minimum, an equally high level of reporting.

III INTERACTION WITH OTHER FRAMEWORKS AND OTHER ASPECTS

Q8 How do you think that the GUIDELINES should relate to existing national, international or other EU-based frameworks (such as UN Global Compact, the UN Guiding Principles on Business and Human Rights, OECD guidelines for multinational enterprises, the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy, EMAS, etc.)?

	1 (least in line)	2	3	4	5	6 (most in line)
The GUIDELINES should include detailed solutions and be an exhaustive document in a way that could make unnecessary for companies the use of other guidelines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The GUIDELINES should be complementary to other frameworks	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should make reference to other frameworks where addressing concrete matters or specific issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should get general inspiration from other frameworks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The GUIDELINES should explain how content produced in the context of other frameworks could be used in the non-financial statement	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify what other approach you would advocate

GRI G4 does not show up under the listed frameworks, but should be considered in any case as the most internationally recognised reporting standard.

Q8.1 Could you please provide a brief explanation on your answer regarding how you think the GUIDELINES should relate to existing national, international or other EU-based frameworks.

The guidelines must ensure a high non-financial standard of reporting, also in terms of consistency and comparability. The basis for this should be the most heavily used framework worldwide, GRI G4, supplemented by those aspects that in materiality analyses have emerged as those relevant to the majority of businesses.

Q9 Do you think that when preparing the GUIDELINES only the companies included in the scope of the DIRECTIVE should be considered, or that the interests, characteristics and/or requirements of other companies that prepare management reports should be taken into account as well?

- Specific to the requirements of the companies under scope of the DIRECTIVE
- Consider all large companies
- Consider all companies
- Focus on the requirements of the companies under the scope of the DIRECTIVE, but also propose best practice for other companies that prepare management reports

Q9.1 Accordingly, do you think that the content of the guidelines should be different according to the targeted companies? Could you please provide a brief explanation?

Various member states already currently oblige companies to disclose non-financial information. The guidelines must not be allowed to fall short of the pre-existing scope of application and reporting standards in any way.

Q10 Does your company disclose annually relevant non-financial information?

- Yes
- No
- Don't know / no opinion / not relevant

IV DISCLOSURES RELATED TO BOARD DIVERSITY POLICY

Q11 Should the GUIDELINES provide more clarity on what companies should disclose as regards their board diversity?

- Yes
- No
- Don't know / no opinion / not relevant

Q11.1 Could you please provide a brief explanation on your answer regarding whether the GUIDELINES should provide more clarity on what companies should disclose as regards their board diversity policy?

In accordance with the GUIDELINES, companies should provide information not only about the representation of the under-represented gender in supervisory and management bodies, but also concerning which target quotas they have set and which measures have been taken to promote the career advancement of women in the management board and supervisory board.

Should you have any further questions
please do not hesitate to contact

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