

## Management reports of companies become green

The harmful consequences of some activities on the environment are irrefutable for the present and the future of our planet. In 1987, the Norwegian prime minister, Ms. Brundtland, defined the sustainable development concept which aims at satisfying the current generations needs without compromising the needs of the future generations.

The participation of companies to the world wealth production leads stakeholders (government, clients, employees, shareholders, etc...) to request reports on economics, social and environmental consequences of their activities. That could be done through either national or international new rules.

To comply with French rules and to satisfy shareholders, French commercial companies such as public limited companies, should provide, on an annual basis, a management report. Such report should be prepared either by the board of directors or by the Directorate (*Directoire*) and should provide to the shareholders' general assembly with the list of actions in different fields among which social and environmental field.

The Grenelle II has improved the mandatory contents of social and environmental information to be provided in the management report of public limited companies.

Other than the mandatory information related to how companies should take into account social and environmental consequences of their activities, the management reports should also mention, for exercises closed from January 1<sup>st</sup>, 2011, the information related to their commitments in favour of the sustainable development.

For exercises closed before January 1<sup>st</sup>, 2011, social and environmental information is only applicable to companies listed on a regulated stock market.

The scope of this obligation has been extended, for exercises closed from January 1<sup>st</sup>, 2011, to public limited companies with a balance sheet or a turnover and a number of employees exceeding thresholds fixed by Decree (the bill mentioned a total balance sheet exceeding 43 millions Euros and a number of employees exceeding 500).

From the exercise closed on December 31<sup>st</sup>, 2011, for companies listed on a regulated stock market or on December 31<sup>st</sup>, 2016, for other companies, that information should be verified by an independent consultant.

The independent consultant should provide its opinion to the shareholders' general assembly together with the management report.

To allow companies improving their practices in the sustainable development field, ISO 26000, a non compulsory rule, has been published on November 2010.

This rule aims at clarifying, explaining and providing further information. Each company may obtain such rule from AFNOR, the French representative of ISO.

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