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SPAIN MANDATES NONFINANCIAL, DIVERSITY REPORTING

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For financial years beginning 1 Jan 2018, Spanish companies with more than 250 workers must report on their nonfinancial and diversity information and put the findings to a shareholders' vote as a separate point at the annual general meeting. The requirements, which implement a 2016 [EU directive](#), feature in a [law](#) (Spanish) effective 30 Dec 2018, giving companies little time to comply. Smaller firms will have to publish their nonfinancial information from 2022.

The Government Corporate Social Responsibility Commission ([CERSE](#)) (Spanish) will submit an annual report to parliament that assesses the companies' reported nonfinancial information.

HIGHLIGHTS OF THE LAW

Features of the law include the following:

- The law covers companies meeting certain criteria, including thresholds for average number of workers employed during the year, total assets and annual net revenues.
- The nonfinancial information can be included in a separate report, but it must form part of the management report and be freely available to the public and accessible via the company's website. The report must describe the company's business model, key aspects of its markets and factors that could impact its future outlook; its policies on risk mitigation and due diligence and their results; key nonfinancial indicators that are relevant to the business and would enable evaluation and comparison with other companies; and medium- and long-term risks regarding the company's activities. The key nonfinancial performance indicators used by companies must comply with the European Commission's [guidance](#). The reports must be independently verified.
- Reports must include information on social and employee issues (including factors such as the gender pay gap and policies to encourage employees to disconnect from their offices), environmental matters, human rights topics, anticorruption and sustainable development issues. Companies can no longer omit information except in circumstances where its disclosure would seriously prejudice the company's commercial position.
- Reports must include the company's diversity policy and describe the diversity of the company's board of directors and its senior management. Specific factors — including age, gender, disability, training, experience and initiatives taken to improve the gender balance of the company's senior management team — also must be addressed. Companies must report on the diversity criteria provided to shareholders when they hire new directors or make board appointments.

- The law gives CERSE a role in developing any legislative initiatives addressing corporate social responsibility.
- The law amends the Capital Companies Law and includes changes to collective investment vehicles and payment services.

RELATED RESOURCES

- [Law 11/2018](#) (Spanish) (Official Journal, 29 Dec 2018)
- [EU Directive 2013/34/EU on Disclosure of Non-Financial and Diversity Information](#) (EUR-Lex.com, 26 Jun 2013)
- [Background Information](#) (Spanish) (CERSE)

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