

Unofficial translation from French

DECREE DRAFT 2012-557 of 24 April 2012

Regarding disclosure obligations for companies in social and environmental fields

The Prime Minister

ORDERS :

Article 1

Articles R. 225-104 and R. 225-105 of the trade code are replaced by the following provisions:

“Art. *R. 225-104*. – The thresholds mentioned by paragraph 6 of article L. 225-102-1 are set as follows: 100 million Euros for the balance sheet, 100 million Euros for the turnover excluding taxes and 500 the average number of permanent employees employed during the fiscal year.

“The total of the balance sheet, the turnover excluding taxes and the average number of employees are determined in compliance with paragraphs 4, 5 and 6 of article R. 123-200.

“Art. *R. 225-105*. – The report from the Board of Directors or the Executive Board mentioned in article L.225-102 shows, in application of paragraph 5 of article L. 225-102-1, the way that the corporation and, where necessary, its subsidiaries in the sense of Article L. 233-1 or the companies it controls in the sense of Article L. 233-3, took into consideration social and environmental impacts of its activities, as well as its social commitments in favour of sustainable development.

“It presents data observed during the closed fiscal year and, if necessary, during the previous fiscal year, in order to allow a comparison between the two.

“It indicates, in the information mentioned in Article R. 225-105-1, which data, given the nature of the activities or the organization of company, can not be produced or do not appear relevant, and provides all useful explanations.

“When a corporation voluntarily complies with a national or international social, environmental and societal system of reference, the report can mention it by indicating which provisions or recommendations of this reference were selected as well as where and how this system of reference can be consulted.

“*Art. R. 225-105-1.* – I. Subject to the provisions of paragraph 3 of article R.225-105, the corporation’s Board of Directors or Executive Board that complies with conditions underlined in paragraph 1 of article R. 225-104, must, for the application of paragraph 5 of article L. 225-102-1, mention in its report the following information:

“1° Social information:

“a) Employment:

“- The actual amount and distribution of employees by gender, age and geographic area;

“- Hiring and layoffs;

“- Compensations and the way they evolve;

“b) Work organization:

“- Work time organization;

“c) Labour relations

“- Labour dialogue’s organization – in particular rules and procedures pertaining to how the company informs, consults and negotiates with the staff;

“- Assessment of collective agreements;

“d) Health and safety:

“- Health and safety conditions;

“- Health and safety agreements signed with unions or workplace staff representatives, and how they were implemented;

“e) Training:

“- implemented training policies;

“- Total number of training hours;

f) Equal opportunity and non-discrimination:

“- measures taken for gender equality;

-“measures taken for employment and integration of disabled people;

-“implemented policy for fighting discriminations;

“2° Environmental information:

“a) Global environmental policy:

“- Corporation’s organizational structure to take into account environmental issues, and if need be, steps taken for environmental evaluation or certification.

“- Employee information and training in regards to environmental protection;

“- Means used for preventing environmental risks and pollutions;

“b) Pollution and waste management:

“- measures taken to prevent, reduce or repair waste-releases into the atmosphere, water and soils that badly affect the environment;

“- measures taken do prevent, recycle or eliminate waste.

“- management of noise pollution and of any other kind of pollution specific to an activity;

“c) Sustainable usage of resources:

“- Water consumption and supply in relation to local constraints;

“- Raw material consumption and measures adopted to improve their use efficiency;

“- Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies;

“d) Climate change:

“- Greenhouse gas emissions;

“e) Protection of biodiversity :

“- measures taken to preserve or develop biodiversity

3° Information relative to societal commitments in favour of sustainable development:

“a) Territorial, economic and social impact of the company’s activity:

“- impact on employment and regional development;

“- impact on local or neighbouring populations;

“b) Relations with stakeholders, in particular social integration associations, educational institutions, environmental defense groups, consumer associations and local populations:

“- dialogue conditions with these stakeholders”;

“- actions of partnership or corporate sponsorship;

“c) Outsourcing and suppliers:

“- the way in which the company’s purchasing policy took into account social and environmental issues;

“II. Subjects to provisions of paragraph 3 of article R. 225-105, and in addition to the information required by section I, the Board of Directors or Executive Board of companies which are entitled to negotiate their securities on a public market must disclose in their report the following information:

“1° Social information:

“b) Work organization:

“- Absenteeism;

“d) Health and safety:

“- frequency and seriousness of accidents at work and occupational diseases.

“g) Promotion and enforcement of the fundamental conventions of the International Labor Organization regarding:

“- The respect of freedom of association and the right to collective negotiation;

“- The elimination of discrimination in the employment policy and within the profession;

“- The elimination of obligatory or forced labour;

“- The effective abolition of child labour;

“2° Environmental information:

“a) Global environmental policy:

“- The amount of provisions and guarantees for environmental risks, provided that such information would not likely cause serious harm to the company in an ongoing litigation;

“c) Sustainable usage of resources:

“- Land use;

“d) Climate change:

“- adaptation to the consequences of climate change;

“3° Information relative to societal commitments in favour of sustainable development:

“c) Outsourcing and suppliers:

"- the amount of outsourcing and the way in which the company's social and environmental responsibility was taken into account in its relationship with suppliers and subcontractors;

“d) Fairness in practices:

“-Actions taken to prevent corruption;

“-Measures taken in favour of consumer health and safety;

“-e) Other measures taken, within this 3rd title, in favour of human rights.

“*Art. R. 225-105-2.* - The independent third party called upon to check, in application of paragraph 7 of article L. 225-102-1, the information that figures or should figure, in application of paragraph 5 of the same article, in the report presented by the Board of Directors or the Executive Board of the company is designated, depending on the case, either by the Chief Executive of the Board of Directors or by the Chairman of the Executive Board, for a term that cannot exceed 6 fiscal years, amongst organizations that are accredited either by the French Committee of Accreditation (COFRAC) or by an accrediting organization that has signed the multilateral European agreement adopted for European coordination of accreditation organizations.

“This third party organization is submitted to the incompatibilities mentioned in article L. 822-11.

“ II - “After its audit of the company's inclusion in its report of the required information under paragraph 5 of article L. 225-102-1, the independent third party organization must make a report which includes:

“a) the certification that the company's report contains all the information required by article R.225-105 which indicates, if such is the case, a mention of which pieces of information were omitted and lacked the compulsory explanations demanded by paragraph 3 of article R. 225-105.

“b) an reasoned opinion:

“-on the sincerity of information included in the company's report”;

“-on the explanations, if such is the case, for the absence of certain pieces of information required by paragraph 3 of article R.225-105.

“c) the efforts made and means used to conduct the audit.

“III. - A joint order from the Ministers for Justice, Ecology, Economy and Labour shall determine the conditions for how the independent third party organization conducts its audit mission.”

“IV. - When a corporation voluntarily complies with European parliament and Council regulation (CE) n° 1221/2009 of November 25, 2009 regarding voluntary participation of organizations to a community-based environmental and audit management system (EMAS), the declaration signed by the environmental auditor, in compliance with the provisions 8 and 9 of article 25 of the previously cited European regulation, is annexed to the company’s original report and has the same value as the opinion expressed by the independent third party on environmental information.

“However, the information pertaining to the social consequences of the company’s activity and to its societal commitments regarding sustainable development remains for its part under the scrutiny of the independent third party organization, in accordance with the provisions of titles I, II and III of the present article.

Article 2

I- The provisions of paragraph 1 of article R 225-104 of the code of commerce, in the form resulting from article 1 of the current decree, are applicable to fiscal years opened after the 31st of December 2013.

For fiscal years opened after the 31st of December 2011, the thresholds set in paragraph 6 of article L. 225-102-1 are raised: the total balance sheet as well as the net turnover threshold is set at 1 billion Euros, while the average number of permanent employees during the fiscal year is set to 5,000.

For fiscal years opened after the 31st of December 2012, the threshold for the total balance sheet as well as the net turnover is set at 400 million Euros, while the average number of permanent employees during the fiscal year is set to 2,000.

II. – For companies with securities that can be traded on a regulated market, the provisions of Articles R. 225-105 and R. 225-105-1 of the same code are applicable to fiscal years which open after the 31st of December 2011.

III- The provisions of article R. 225-105-2 of the same code and resulting from article 1 of the present decree are applicable:

- 1) to fiscal years starting after the 31st of December 2011 for corporations entitled to exchange their securities on a regulated market;
- 2) to fiscal years starting after the 31st of December 2016 for all other companies.

However, as soon as companies are subject for a fiscal year to the obligation of providing the information required by article R. 225-105-1, they must also produce the certificate mentioned in the a) of title II of article R. 225-105-2.

IV. – For fiscal year under way when the present decree is published, a company that does not disclose some of the information required by article R. 225-105-1 of the same code must justify the reasons why it failed to do so.

Article 3

The Minister of Justice and Liberties, The Minister of Economy, Finances and Industry and the Minister of Labour, Employment and Health are, in their respective field of action, in charge of the enforcement of the current decree, which will be published in the *Journal officiel* of the French Republic.