

NeSoVe-Statement on the proposal for a European Directive on CSR Reporting

In April 2013 the "Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of non-financial and diversity information by certain large companies and groups" (COM(2013)207 final) has seen the light of day. The Commission had announced the proposal for legislation to improve transparency in corporate's social and environmental action in its Communication "A renewed EU strategy (2011-14) for corporate social responsibility" in October 2011.

Formally, it is an amendment of the EU accounting rules for corporations referenced in the title of the directive. Companies above a certain size (more than 500 employees, total assets of more than € 20 million or net turnover of more than € 40 million) will be now required "to include in their annual report a non-financial statement containing information relating to at least environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters" together with the associated performance indicators. Another point concerns the diversity policy of the company.

It remains unclear what exactly is to be reported. It says: "In providing this information, companies may (!) rely on national frameworks, EU-based frameworks ... and international frameworks" like EMAS, UN Global compact, the UN Guiding Principles on Business and Human Rights, the OECD-Guidelines for multinational enterprises and the standards of the International Organization for Standardization (ISO) 26000, the Tripartite Declaration of the International Labour Organization (ILO) and the Global Reporting Initiative (GRI) – all of which "rules" which have been criticized by NeSoVe because of their more or less undemanding nature.

The point is that the companies can report essentially what they want to report. A binding catalogue of demanding indicators is missing. There has not even been a discussion on how such indicators should look like (e.g. to ensure that they are comparable or fit for benchmarking) and which indicators make any sense at all.

Moreover, this is nothing new. Even the Directive 2003/51/EC „on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings“ (2003/51/EC) has demanded that the annual reports of corporations on non-financial performance should include indicators that are relevant to the particular business, including information relating to environmental and employee matters. This was also open to the free choice of industry.

Much ado about nothing. This is the brief summary of the "ground-breaking" initiative of the Commission. In the end only the size of the companies that are affected by the "reporting obligations" was stated more precisely and the list of topics to be reported on was slightly broadened. Actually, it is just a legal requirement for the creation of advertising brochures., - but this is already done by many companies voluntarily anyway.