



TRANSPARENCY, REPORTING AND THE DISCLOSURE OF NON-FINANCIAL INFORMATION

The implementation of the European Union's strategy on Corporate Social Responsibility



EVENT WRAP-UP: TRANSPARENCY, REPORTING AND THE DISCLOSURE OF NON-FINANCIAL INFORMATION

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A high-level event co-hosted by the Members of the European Parliament Arlene McCarthy (S&D), Rebecca Taylor (ALDE), and Cecilia Wikström (ALDE)

6 March 2013 – European Parliament

Representatives of the European Parliament, the European Commission, the European Council and EU Member States, as well as a wide variety of stakeholders from different sectors, came together on 6 March to discuss the future of Corporate Social Responsibility, and sustainability reporting and the disclosure of non-financial information in the EU. The caliber and number of participants is testimony to the importance of these discussions, and confirms the need for establishing a multi-stakeholder platform that allows dialogue and the participation of all actors.

The European Commission and European Parliament were praised for their initiatives and were called upon to continue showing strong leadership in this area. Arlene McCarthy MEP opened the debate, stressing the need to address the increasing demands for transparency from society and investors, and referring to the role of governments and legislators to provide guidance. Cecilia Wikström MEP added that a comply or explain approach to policy on sustainability reporting would address this need without creating unnecessary burdens or red tape.

The debate, moderated by GRI Chief Executive Ernst Ligteringen, covered a broad range of key topics. Existing policy approaches to sustainability reporting, such as the Danish and French models, are seen as cases of good practice and evidence how smart policies can benefit society and business. However, there are still some concerns regarding the burden of reporting, particularly for small and medium companies and for larger companies carrying out operations outside the EU. Remarks from the private sector and governments stressed that there is evidence that reporting brings many advantages for all, while at the same time it was broadly accepted that policy should not overburden SMEs but target only large companies. Using available internationally-recognized tools makes sustainability reporting accessible and brings value to organizations: while normative frameworks such as the UN Global Compact principles help companies shape their sustainability strategy, the GRI Guidelines were acknowledged to be an excellent tool to report sustainability information.

Companies present at the event stressed that they report to address the increasing demands for transparency and sustainability from consumers and investors. General consensus emerged on the importance of not limiting good practice to reporting but instead to ensure the sustainability and transparency of both direct and indirect operational impacts throughout the supply chain. It is key that disclosed information is relevant and meaningful; to ensure real transparency and sustainability, it is important that companies focus on what is material to them and their stakeholders. Using the existing internationally-recognized models is also fundamental in order to provide comparability and not further fragment the current system.

Given the interconnectivity of financial and non-financial reporting, questions were raised around the current development of integrated reporting and its relationship with sustainability reporting and GRI's Guidelines. Many companies are currently exploring this new concept but are lacking an international framework for integrated reporting. In this context, in 2010 GRI co-founded the secretariat of the International Integrated Reporting Council (IIRC). Making reference to the recent [MoU](#) signed by the IIRC and GRI, it was clarified that the IIRC framework to be developed in the coming years will not create new indicators, but rather offer advice and principles on how to integrate financial and non-financial information using existing reporting standards and guidelines, such as GRI's Guidelines.

The European Commission's initiative, aimed at achieving greater transparency for EU organizations, is much welcomed and endorsed by stakeholders, including the European Parliament. The two year preparatory work for the announced proposal is coming to a close, and the document is expected to be launched before the summer. The recently-adopted European Parliament resolutions on CSR are key elements for the finalization of this process. The proposal on non-financial information is expected to cover areas that, although considered 'non-financial', have concrete and financial impacts, such as on the environment, society, and human rights. The proposal will target only large companies and aims to encourage them to report on their impacts to bring long term financial stability and competitiveness, creating an advantage for EU businesses and society as a whole.

Rebecca Taylor MEP welcomed the great range of stakeholders and echoed her co-hosts in acknowledging the need to increase transparency and the vital role of legislators in this. Sustainability reporting is key to achieving the EU's sustainable growth objectives. She added that the European Commission's proposal is much welcomed and awaited, but there are concerns that a prescriptive approach imposing strict rules on businesses would have a negative effect. A flexible 'report or explain' approach along the lines of the Danish model, together with encouraging the use of the main internationally-recognized frameworks for reporting in order to increase comparability, could be the way forward.

