



To: JURI members and substitutes

7 January 2012

Dear Sir/Madam,

In view of the forthcoming vote in the Legal Affairs Committee, I would like to give you our views on the draft report by Raffaele Baldassarre MEP on Corporate Social Responsibility (CSR), and on some of the amendments.

We support a number of the statements included in the draft report, in particular on the issue of **disclosure of information and transparency** (points 13 – 16). It rightly highlights the substantial progress made in business providing social and environmental information. Regarding a forthcoming legislative proposal on provision of transparency of social and environmental information by companies, we are pleased that the rapporteur advocates an approach allowing for flexibility, to take into account the diversity of CSR policies implemented by businesses. This is why we also oppose introduction of EU-wide performance indicators which would not reflect the diversity of companies. Companies should be able to develop KPIs themselves, in line with their particular situation and stakeholders. In addition, we support the call on the commission to give further consideration to non-binding measures in this area. We therefore do not agree on amendments 17 and 20, which divert from this approach.

We also do not agree with amendment 16, which calls on the commission to make **integrated reporting** 'the global norm within the next decade'. This process requires a company to develop ways of measuring performance including on non-financial aspects, as part of an integrated financial – non-financial report. This requires a company to analyse and communicate on many different parameters around current and future risks and opportunities, and impact of business activities on the environment and society. Whereas financial information is quantitative, many aspects of non-financial information are qualitative. This makes it difficult to integrate the two. Some companies have already moved to integrated reporting and value this, however they are a minority. For these reasons, this should not be set as the norm for reporting. Rather companies should be able to communicate with their stakeholders through whichever means are most appropriate.

CSR is driven by business, as reaffirmed in paragraph 26. This is reflected in the growing number of companies integrating CSR into their business strategies, not because they are forced to do so, but because they are aware of the benefits of doing so. We therefore do not support the weakening of this paragraph, as in amendments 38 and 39. Neither do we support amendment 8, which calls on the Commission to consider establishing a **European CSR certificate** as a proof of compliance with CSR



aspects. This goes against the flexibility necessary for companies to tailor CSR practices to their specific circumstances.

In relation to **self- and co-regulation instruments**, we are also opposed to the introduction of a single approach that fails to take account of the divergent requirements of businesses (point 17). We take note of the information that the Commission is now suggesting guidelines in this area rather than a code.

Finally, whilst we agree that **CSR remains primarily a voluntary policy**, in this case, we do not believe that regulatory measures would be appropriate (point 3). We are also concerned about the call for greater accountability throughout the **subcontracting chain** (point 12). Large companies have thousands of suppliers/subcontractors, meaning that they may not be in a position to ask them to comply with their standards and to monitor this. In particular, measures to make companies liable for the actions of their suppliers or subcontractors are unacceptable, wrongly shifting the duty to enforce law from public authorities to companies. This is not to mention the costs on businesses, given the huge challenge of monitoring the supply chain.

Yours sincerely,



Markus J. Beyrer