

Joint Statement on disclosure of non-financial information

In view of the European Parliament Legal Affairs Committee vote on 17 December on disclosure of non-financial information, we would like to reiterate the key principles for the business community on this issue.

CSR relates to enterprises' societal engagement beyond legal compliance. It has become a key component in enterprises' strategies to address the different challenges they face. For many, it forms part of their competitive advantage. Corporate Social Responsibility in general and disclosure of non-financial information specifically must therefore remain **business-driven** to create mutual value for society and companies.

CSR priorities and practices, including reporting are highly differentiated, depending on the size, sector and specificities of the enterprise. This is natural given that enterprises vary. **Flexibility** is therefore necessary to allow enterprises to choose which issues to address as part of their CSR activities and on which to report. This should be based on an assessment of **materiality** from the enterprises' and stakeholders' point of view.

The draft directive on disclosure of non-financial information includes highly problematic elements. For example, in contrast to what is stated above, making reporting on specific CSR topics mandatory would require enterprises to focus on these regardless of whether they are material to their business. This risks transforming CSR reporting into a mere box-ticking exercise rather than a management process enhancing enterprises' innovation and performance.

Enterprises choose to disclose non-financial information in a way that is appropriate to their specific situation and the needs of their stakeholders. This may include publishing CSR or Sustainability reports or providing information on the enterprises' website. Enterprises may integrate non-financial information with financial information or provide it separately in a stand-alone document. Making reporting through one specific format mandatory would ignore the wealth and diversity of existing practices. Enterprises should therefore be given **choice** regarding the format in which they provide non-financial information, whether it is integrated or separate from the annual financial report, and whether it is externally audited.

Many enterprises use **internationally set frameworks**, such as the UN Global Compact or the GRI Guidelines when devising CSR strategies and/or when reporting. Enterprises should continue to have the possibility to use such frameworks in a voluntary way. No European requirements should undermine or diminish the value of reporting in accordance with international frameworks and duplication of administrative reporting burdens must be avoided with interaction of national frameworks.

Apart from these principles, the promotion of **awareness and capacity building** on CSR, including non-financial reporting continues to be critical. Above all, the aim should be to strive for **competitive and sustainable growth for European enterprises**.

We hope that you will follow these principles in the JURI committee vote and beyond.



Markus J. Beyrer
Director General
BUSINESSEUROPE



Valeria Ronzitti
General Secretary
CEEP



Arnaldo Abruzzini
Secretary General
EUROCHAMBRES



Gunilla Almgren
President
UEAPME