UNCTAD, OECD, CDSB and GRI Workshop on

Climate Change Reporting

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SESSION I

THE POLICY DIMENSION: CURRENT NATIONAL PRACTICES IN CLIMATE CHANGE REPORTING

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Legislation: Mandatory reporting for large businesses

Section 99a of the Danish Financial Statements Act

(The law requires a company to report on its policies on corporate social responsibility – if it has any such policies)

- Who is to report?
- What must the report address?
- Where/how to report?
- Why this initiative?

Who, where and how?

- **Who**: Large companies - Balance sum > 19 million Euro; revenue > 38 million Euros; Employees > 250. (Approximately 1100 companies).

- **Where**: Management review; supplementary review to the annual report or business web site; individual report; UN GC COP or PRI report.

- **What**: 1) Contents of CSR policies. 2) Implementation and 3) Results (self-evaluation).

New (pending) amendment to section 99 a

General principle: Companies select which topics to report on.

Now introducing two “mandatory” topics:

- Company policies for respecting human rights.
- Company policies for reducing the company’s impact on climate change.

Same provisions apply for these specific topics.

In practice only relevant for companies which do not (yet) have policies on human rights and climate.

Is it “Report or Explain”?

No – not exactly!

§ 99 a of the Danish Financial Statements Act explicitly says that companies do NOT have to **explain** “why”, in case they do not have any CSR policies (and therefore no report on CSR).

Companies ONLY have to **declare** this their annual report.

In short: We don’t want explanations. We want compliance!

Why regulation?

The collective (social) benefits of increased transparency.

- Linking CSR, SRI and ESG to create a competitive and responsible business and investment climate.
- Strategic CSR means improved risk management and enhanced value creation in business → creating new investment opportunities.
- SRI promotes responsible investment practices that take into account the benefits of Strategic CSR → rewarding good CSR practice.
- ESG reporting increases transparency of (financial) markets both with regard to CSR and SRI → establishing a level playing field.

Basically the same motivations as for regulating the disclosure of any other (e.g. financial) information.