

# CSR LRN Newsletter

31 January 2014



## Inside this issue

- 2 New publications
- 3 Concluded research projects' outcomes
- 5 Events and calls for papers
- 8 Calls for papers – special issues
- 10 Commission Proposal on the disclosure of nonfinancial and diversity information: the way forward?
- 12 Upcoming events and deadlines

---

*Contact us with your suggestions, comments and membership application at [ekr.ikl@cbs.dk](mailto:ekr.ikl@cbs.dk)*

---

## Dear members, dear colleagues,

With the new year, some changes also happen in the CSR Legal Research Network. At the November general assembly meeting, the network's members have elected two new board members: Lovisa Halje from Uppsala University in Sweden and Eskil Kristian Riskær from the Copenhagen Business School in Denmark. Warm welcome to both! As from April 2014 Eskil will take on the function of the network's secretary and the newsletter editor. Therefore, if you have any comments or suggestions regarding the newsletter or any other questions, you may contact Eskil on his e-mail [ekr.ikl@cbs.dk](mailto:ekr.ikl@cbs.dk).

Moreover, the general assembly meeting has approved the Articles of Association that can be found on the CSR LRN's website now and discussed the passed as well as upcoming network's activities. You may find the minutes of the general assembly meeting attached to this newsletter issue.

We hope to keep building an interesting research platform in 2014 and are looking forward your interest and suggestions.

We wish you a successful and productive year.

Enjoy reading.

Please, circulate this newsletter among your colleagues.

### Board members:

Chairman: Karin Buhmann ([buhmann@life.ku.dk](mailto:buhmann@life.ku.dk)), secretary, newsletter editor: Katerina Peterkova ([katpe@asb.dk](mailto:katpe@asb.dk)), webmaster: Dániel Gergely Szabó ([dangs@asb.dk](mailto:dangs@asb.dk)), Lovisa Halje ([lovisa.halje@jur.uu.se](mailto:lovisa.halje@jur.uu.se)), Eskil Kristian Riskær ([ekr.ikl@cbs.dk](mailto:ekr.ikl@cbs.dk))

## New publications

### *Directors' Duties and Corporate Social Responsibility (CSR)*

**Beate Sjøfjell**

Professor, University of Oslo, Department of Private Law

**Linn Anker-Sørensen**

Research Assistant, University of Oslo

In: Hanne Birkmose, Mette Neville & Karsten Engsig Sørensen (eds.), *Boards of directors in European companies – reshaping and harmonising their organisation and duties*, Kluwer Law International 2013 (European Company Law Series, Vol. 10); University of Oslo Faculty of Law, University of Oslo Faculty of Law Legal Studies Research Paper Series No. 2013-26.

Available through [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2322680](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2322680).

#### *Abstract:*

While the exact impact of run-away climate change, continued biodiversity destruction and unchecked social impacts of the current financial challenges we see is unknown, we know one thing for certain: Business as usual is not an alternative. To shift over to a sustainable path, we need companies to contribute. Clearly, our governments, even if they were brave and progressive enough, cannot single-handedly adopt sustainability. The contribution of business is needed. And if business shifts in the right direction, customers, employees and indeed whole societies may shift with them.

The pressing question then is whether CSR is an answer. Some interesting developments, including the paradigm shift in the EU Commission's definition of CSR, open up for a revisit of the potential of the CSR concept. We put forward that CSR can play an important part in facilitating such a necessary contribution from companies, if the following three conditions are met: Firstly, the promotion of CSR must encompass both the level of legal compliance and of action beyond compliance. The well-known business capture of CSR that we have seen as voluntary, as a case of 'don't regulate us and we can talk about how we behave' does not suffice. This tends to lead to delimitation against legal obligations and an unwarranted Corporate Governance/CSR dichotomy.

The implicit support of shareholder primacy entails that sustainable business, in the environmental and social sense, quickly will hit a ceiling. Secondly, CSR must be true or core CSR, dealing with the business of the company, how that is conducted and the impacts of that business. Thirdly, CSR must entail an integration of environmental and social concerns in the decision-making of the company in such a way as to lead to an internalisation of externalities.

In the second section of this chapter, we discuss the role of the board in a CSR context, while the third section investigates the recent developments at EU level, where we find that despite a paradigm shift in the definition of CSR, little is done to integrate CSR concerns into the duties of the board. The fourth section therefore poses the question what role the EU has in this context, concluding that the contribution of the EU most likely is a necessary prerequisite to achieving the shift away from business as usual and onto a sustainable path.

### *Socialøkonomiske virksomheder: ny virksomhedsform for de hellige eller 'greenwashers' paradise*

**Mette Neville**

Professor, Aarhus University, Department of Law  
Nordisk Tidsskrift for Selskabsret, 2013:3, pp. 121-162.

**Karsten Engsig Sørensen**

Professor, Aarhus University, Department of Law

Available through <http://www.djoef-forlag.dk/da/tidsskrifter/nts2>.

#### *Abstract:*

I artiklen analyseres forslaget fra Udvalget for socialøkonomisk virksomhed om at indføre en certificeringsordning for socialøkonomiske virksomheder i lyset af de internationale erfaringer. Som det fremgår af artiklen, synes en certificeringsordning at være et fornuftigt valg. En nærmere analyse af forslaget viser dog, at det indeholder en

række svagheder og uløste problemstillinger, som bør løses i det endelige lovforslag. For det første synes selskabslovgivningen at være til hinder for, at nogle af de selskabsformer, der skulle kunne certificeres, kan indføre en bestemmelse om socialt formål. For det andet er den regulering af ledelsens pligter, som findes i lovforslagets § 7, ikke er afstemt med de regler for ledelsen, som gælder for de forskellige selskabsformer. For det tredje er kapitalbindingsreglerne ikke effektive og kan forholdsmæssigt let omgås, og for det fjerde mangler der bestemmelser om kontrol med virksomhedernes overholdelse af lovens bestemmelser. Endeligt kan man stille spørgsmålstegn ved, om man har fundet den rigtige balance mellem på den ene side at sikre, at virksomhedsformen ikke reserveres til de »hellige« og på den anden side ikke åbner for et »greenwashers paradise«.

### ***Institutional Investors' Power to Change Corporate Behaviour: International Perspectives***

**Suzanne Young and Stephen Gates (eds.)**

October 2013, Emerald Group Publishing Limited, Critical Studies on Corporate Responsibility, Governance and Sustainability, Volume 5.

This book investigates institutional investors' power to promote the sustainability agenda among the companies in their portfolios. First, it considers whether they do in fact exercise their power; and explains why certain institutional investors (II) refrain from using it. Secondly, it explores how IIs instigate changes in their target investment's corporate governance, environmental or social practices. The more active investors' current priorities are highlighted, and their collective action is illustrated. Next, the role of legislation and regulation across several regions (Europe, Australia, and North America) in enhancing or limiting II's power to improve shareholder democracy and to implement a sustainability agenda is considered. In addition, the impact of cultural norms in determining II's sustainability actions is shown. IIs face impediments to advance a sustainability agenda, and these are identified with suggestions for lessening them. Finally, the book provides examples of how companies can escalate their responses to II's demand for better environmental, social and governance practices. Through applications of financial/economic theory along with socio-cognitive paradigms such as legitimacy, stakeholder and behavioural theory, the book demonstrates the rise of II's power and its limits to promoting a sustainability agenda among companies world-wide.

## **Concluded research projects' outcomes**

### ***Sustainable Companies***

The aim of the Sustainable Companies Project (2010-2013) was to contribute to integrating environmental concerns better into the decision-making in companies, as one of the important jigsaw puzzles of sustainability. In an innovative approach, this project has had company law as its core, based on the hypothesis, which has been confirmed through the research, that environmental sustainability in the operation of companies cannot be effectively achieved unless the objective is properly integrated into company law and thereby into the internal workings of the company.

In December 2013 the Sustainable Companies Project successfully conducted its final conference, where the results were presented by the Project team members from around the world.

More information on the conference, including **conference material** and four blog posts, is available here: <http://www.jus.uio.no/ifp/english/research/projects/sustainable-companies/events/conferences/final-sustainable-companies-conference-2013.html>.

The conference also has its own **YouTube channel**, which is available here: <http://www.youtube.com/channel/UCkeKyDieEUHWYGqasHnC-g>.

### **Sustainability and Internationalization of Law**

The research project on Sustainability and Internationalization of Law has been conducted at Aarhus University, Denmark from 2010 to 2014. The overarching objective of the project is to analyze "how to legally secure sustainability in the best way". In order to provide a comprehensive solution, 5 PhD students tried to answer the question each from one of the following perspectives:

- companies reporting and informing on sustainability (CSR)

Daniel Gergely Szabo ([dangs@asb.dk](mailto:dangs@asb.dk)) has defended his thesis titled "Mandatory corporate social responsibility reporting in the EU" in December 2013. The dissertation analyses how CSR reporting is mandated today through various corporate reporting instruments and based on the findings of the analysis discusses whether CSR reporting should be mandated on the EU level. Although, it is a heavily politicised question whether to mandate the CSR disclosure, the dissertation provides valuable insights into designing CSR reporting requirements that are capable of enhancing CSR transparency.

- sustainability, energy and climate;

Katelijin Van Hende ([katelijin.hende@ucl.ac.uk](mailto:katelijin.hende@ucl.ac.uk)) has defended her thesis titled "Towards an Integrated Legal Framework for Offshore Wind Farms and Grid Interconnections in the EU Marine Waters" in January 2014. In her work, Katelijin elaborated on a policy and legal framework for direct and market regulation of the promotion, development and use of offshore wind farms and grid interconnections, with special regard to Directive 2009/28/EC.

- sustainable contract relations;

Katerina Peterkova ([katpe@asb.dk](mailto:katpe@asb.dk)) has defended her thesis titled "Sustainability Clauses in International Business Contracts" in January 2014. Katerina has studied social and environmental clauses in international supply chain agreements and concluded that while these clauses would not in most instances be enforceable through courts, they have important legal and non-legal effects leading to positive changes in ethical behavior of suppliers (especially those from developing countries).

- sustainability and PPP/PPC; and

Marta Andrecka ([martaa@asb.dk](mailto:martaa@asb.dk)) has defended her thesis titled "Legal and Systemic Analysis of the Public Procurement Regime as a Framework for the Award of a Public-Private Partnership Contract" in December 2013. The aim of the dissertation was to identify, clarify and discuss potential legal challenges resulting from EU procurement law when awarding a PPP contract as well as to analyze whether a deregulation of the PPP's award framework could potentially resolve these legal challenges. Marta concluded that the current EU procurement framework lacks flexibility and clarity; therefore, it limits the crucial aspects for the award of a successful PPP contract such as negotiations, close collaboration and contractual flexibility.

- sustainability, industrial property rights and transfer of technology.

Mahatab Uddin ([maud@asb.dk](mailto:maud@asb.dk)) is expected to defend his thesis later this year. In his project Mahatab examines the impact/role of international environmental law (specifically UNFCCC) as well as Intellectual Property Rights (IPR's) regime on access to Environmentally Sound Technologies (EST's) in developing and least developed countries.

For **inquiries about the project or for ordering a copy** of the individual theses, please, **contact the authors by e-mail**.

## Events and calls for papers

### **CIB W099 International Conference on Achieving Sustainable Construction Health and Safety**

**2-3 June 2014, Lund, Sweden**

<http://www.lth.se/healthsafety2014/>

#### **OVERVIEW:**

The CIB W099 International Conference on Construction Safety will be held at Lund University, Sweden on 2-3 June 2014. The main theme of the conference is "Achieving Sustainable Construction Health and Safety". The conference will be hosted by the Divisions of Construction Management and Ergonomics and Aerosol Technology, Lund University. The Co-Chairs of the Organising Committee of the conference are Radhlinah Aulin and Åsa Ek. The website of the conference is at [www.lth.se/healthsafety2014](http://www.lth.se/healthsafety2014/) where you can find details about the conference themes, important dates, venue, and travel recommendations.

This conference will offer the opportunity for participants to gain inimitable insights into the most effective ways and means of improving the safety performance of the construction industries globally. Some of the world's top experts will discuss the pressing issues in the context of occupational safety and health at the conference.

The conference includes a track in co-operation with CSR LRN: **CSR, Regulations and enforcement**. The track has a special focus on how regulation of CSR is, or could be, employed in order to improve health and safety performance in construction health and safety and in the supply chain.

### **CSR, Business Ethics and the Law – European Perspectives**

**Special Track at EBEN AC 2014 "Business Ethics in a European Perspective A Case for Unity in Diversity?"**

**12-14 June 2014, European School of Management and Technology, Berlin, Germany**

<http://www.dnwe.de/eben-ac-2014.html>

**Submissions of full papers and detailed abstracts:** 28 February 2014

(submissions are to be made directly to the organizers of the special track: Karin Buhmann [kbu.ikl@cbs.dk](mailto:kbu.ikl@cbs.dk) and Björn FASTERLING [bjorn.fasterling@edhec.edu](mailto:bjorn.fasterling@edhec.edu) )

#### **OVERVIEW**

The emerging world-wide juridification of CSR and business ethics offers an opportunity to analyse normative implications and to go beyond the idea that 'CSR is voluntary' and that business ethics are 'beyond the law'.

The aim of this special track is to rethink critically the establishment and implementation of legal, hybrid and extra-legal norm systems that address business enterprises' ethical and social responsibilities. A special focus will be laid on European initiatives.

We would like to investigate how these norm systems are made, how they are implemented and if and how they influence the behaviour of people working for business enterprises. We also are interested in research that justifies or questions the democratic legitimacy of such norm systems.

As this track is intended to foster interdisciplinary work, we seek research from various academic disciplines and approaches. Empirical and theoretical papers are equally welcome. The subject range is broad. We invite papers that pertain to norm systems in which businesses are not solely addressees of norms but also actively engaged in norm implementation, for example:

- systems established according to the United Nations' Guiding Principles for Business and Human Rights (UN Principles or 'Ruggie Principles') and the OECD Guidelines for multinational enterprises
- the evolution of normative guidance for Due Diligence related to business impact on society and the implementation of such Due Diligence
- initiatives to address workplace safety and labour conditions in developing countries (Pact versus Alliance in Bangladesh for example)
- best practices regarding internal reporting (or whistleblowing) processes
- the use of corporate compliance systems for law enforcement purposes
- standard setting through the use of labels
- regulation of behaviour through insurance systems
- regulation of business conduct through governmental policy, Action Plans, law or 'smart mix' regulation (reporting, incentives, etc.)

**Note that papers submitted to this track are eligible for consideration of the conference's Journal Special Issue.**

### **Contracting, Contracts, and Corporate Social Responsibility**

Special track at the Academic Forum on "Modern Contract Management: Integrating contract theory, law, and organization studies" during the IACCM Europe Conference (16-18 June 2014)

**16 June 2014, Copenhagen, Denmark**

<https://www.iaccm.com/events/register/?id=1631> (to be updated)

**Submission of full papers:** 10 April 2014 (5:00 pm GMT)

(submissions must be sent to [lnewbery@iaccm.com](mailto:lnewbery@iaccm.com) (Laura Newbery); specify whether you are making a submission for oral presentation only, or whether your submission should be considered for oral presentation and possible written publication (Contracting Excellence eZine - summary abstracts of 2-5 pages; conference proceedings - full papers); authors who submit for written publication declare that at least one of the authors will present at the conference; format - Microsoft Word, max.10,000 words excl. endnotes and references, Harvard Referencing Style, separate page including author information, the actual paper must not contain the authors' names or contact details as papers will be blind, peer reviewed)

**Full Papers deadline (if selected for print):** 9 May 2014

#### **OVERVIEW:**

The 2014 joint Academic Forum on "Modern Contract Management: Integrating contract theory, law, and organization studies" organized by the Copenhagen Business School and IACCM brings together contract and project management professionals and academics from a variety of legal and management disciplines. They will explore and share their insights and experience with contract design, organizational design, processes, skills, tools and techniques that help firms to cooperate efficiently in a complex and uncertain business world.

In connection with the Academic Forum, we are arranging a special track on *Contracting, Contracts, and Corporate Social Responsibility*. We urge members of the CSR Legal Research Network to submit papers that focus specifically on Corporate Social Responsibility and/or Sustainability, as these relate to the overall theme of the conference.

The conference will offer a unique opportunity to connect to several well-established networks, including the extensive network of commercial contract practitioners of IACCM, as well as to push the CSR agenda with regards to these networks, exploring the relationships between the different scholarly and commercial fields being engaged at the conference. Reviewers within the field of CSR include Karin Buhmann and Eskil Riskær.

Also, in case of any questions, please feel free to contact Eskil Riskær: [ekr.ikl@cbs.dk](mailto:ekr.ikl@cbs.dk)

**Community Sustainability and Organisational Governance**  
4th Organisational Governance Conference

15-16 September 2014, Bucharest University of Economic Studies, Bucharest, Romania  
<http://ocg.ase.ro>

**Submission of full papers (preferably) or 200-500 words abstracts:** 1 June 2014

**Full Papers deadline:** 1 August 2014

**OVERVIEW:**

There is considerable evidence that the field of social responsibility is changing and maturing. This can be seen from the issues which are of concern to people currently researching in the field. The concept of CSR has gradually spilled over to the other fields of inquiry so much so that today we can speak about the inclusion of social responsibility in any type of human activity (business, politics, justice, etc.).

Since its formulation as a concept, the CSR has continuously evolved under the pressure of consumers, concern about the environment, as well as debates revolving around the need of improving the environment and labour standards. Since the 1990s, the pressures of globalization have led to growing attention paid to the relationship between the CSR and community issues and human rights. The recent global financial crisis brought even more vigorous the debate about the role of businesses and their responsibilities toward the society. Some authors place among the causes of the crisis the companies' behaviour and the ignorance on real community issues.

As far as governance is concerned there is a new concept emerging – sustainable governance. Certainly social issues (ageing, migration etc), human rights issues, environmental issues (climate change, resource depletion, etc) are all causes of concern. Issues regarding social responsibility are significant at the macro level of the economy, at the corporate level and also at the micro level of individual behaviour. And this concern for governance is broader than corporations, extending also to the governance of markets and countries and to governance in a global economy.

The list below is only indicative of possible topic areas that contributors may wish to consider while they develop their papers for the conference:

- Organisational Governance and Firm CSR/Sustainability Values
- CSR/Sustainability Regulation and Organisational Governance
- Organisational Governance and CSR/Sustainability Reporting Quality
- Organisational Governance Mechanisms and CSR/Sustainability
- Organisational Governance and Business Ethics
- Organisational Governance and in a Sustainable Market
- Organisational Governance and Sustainable Risk Management
- Organisational Governance and Sustainable Supply Chain
- Organisational Governance and Firms Sustainability
- Organisational Governance and Corporate Social Responsibility
- Organisational Governance and Stakeholders
- Theoretical perspectives on Organisational Governance
- Governance as a Macroeconomic issue
- Regulatory Failures and Organisational Governance
- Social Responsibility and Community issues
- Organisational Governance in the Public Sector/ NGO sector
- Audit and organisational governance
- Models of organisational governance.

## International Conference On Mitigation of Climate Change: Law, Policy and Governance

April 25-27, 2014, Law Centre, University of Delhi, India

<http://clc.du.ac.in/full-Event.aspx?id=10>

**Submission of abstracts:** 20 February 2014

### OVERVIEW:

Objectives of the conference, inter alia are:

- to address, through legal instruments, the climate change related environmental problems;
- to provide a platform for interdisciplinary scholars, academician, judges, lawyers, policy makers, NGOs and corporate leaders to discuss the critical legal issues combating climate change;
- to analyze current developments and trends in international climate law regime and to strengthen application of the principle of CBD.
- to analyze comparative/national laws in implementation of international environment law on climate change;
- to suggest ways and means to improve implementation of international and national climate change law.

### Call for Papers

In order to achieve the objectives of the Conference, the participants are invited to make critical analysis of International climate change Conventions, Treaties, Protocols and other instruments. In addition to Conventions/Treaties/Protocol based analysis of international climate change law, the participants are encouraged country-specific studies on success or failure of climate change law, policy and governance.

Themes:

1. Understanding Climate Change Causes
2. Impact of Climate Change: Key Concerns
3. UNFCCC , Kyoto Protocol and beyond : Key Legal Issues
4. UNFCCC and International Environmental Principles
5. The Climate Change and the International Trade Law
6. The Climate Change and Human Rights Law
7. Comparative / Domestic Climate Change Law and Policy

## Calls for papers – special issues

### Sustainability's Influence on Business Practices and Ethics

Special issue call for papers from *Management of Environmental Quality* journal

<http://www.emeraldinsight.com/authors/writing/calls.htm?id=5133>

**Deadline:** 14 February 2014 (submissions to Shane Epting, [shane.epting@unt.edu](mailto:shane.epting@unt.edu))

The sustainability movement has changed how businesses are operated, practiced, and regarded ethically. This special issue will look at the scope of sustainability's influence on business from several dimensions.

Areas of particular interest include the following, but other topics are welcomed:

- Ethical dimensions of sustainable supply chains, including environmental justice and ecofeminist approaches
- Sustainability and small business practice
- Perspectives of the environment in business education and leadership



- Case studies concerning the impacts of international trade policy on sustainability
- Tensions between corporate social responsibility and community needs
- Privatizing resources and/or sustainable infrastructure and global demands
- Non-anthropocentric and (strong and/or weak) anthropocentric frameworks and sustainable business solutions

### Environmental Law for Sustainability

Special issue call for papers from *Sustainability* journal

[http://www.mdpi.com/journal/sustainability/special\\_issues/law-sustainability](http://www.mdpi.com/journal/sustainability/special_issues/law-sustainability)

**Deadline:** 30 March 2014

Dear Colleagues,

Environmental law, as a branch of legal scholarship, has had to struggle with many challenges. Global and regional pollution problems mean that national environmental legal systems have had to increasingly operate in a complex, multilevel regulatory environment. Environmental law does not exist in a vacuum. Legal systems, at various levels, advance many goals; these objectives sometimes conflict with one another (e.g., trade and environmental objectives often conflict). Contributors to this issue will examine why is it difficult for environmental law, on different levels (i.e., within the international, European, or national arenas), to advance a policy of environmental protection. In many cases, it seems, law acts as a conservative force in society, upholding values and norms that were important in the past, but which have become obstacles in the present. If we can diagnose the sustainability problems created by law, we can learn not only more of the workings of the law in general, but also what potentially can be done to overcome those obstacles so as to promote sustainable development. It is important to study the issue in various ways, from theoretical arguments to empirical case-studies, in order to advance our understanding how law functions, and how we can overcome the obstacles in environmental law that have prevented the law from contributing to sustainable development.

Prof. Dr. Timo Koivurova, Guest Editor

#### Keywords

- law, environmental law, governance, sustainable development, sustainability, conservation law

Please visit the Instructions for Authors page before submitting a manuscript. The Article Processing Charge (APC) for publication in this open access journal is 1000 CHF (Swiss Francs).

### Environmental Sustainability and Business: Crisis or Opportunity?

Special issue call for papers from *Business Ethics Quarterly* journal

<http://www.pdcnet.org/beq/Calls-for-Submissions>

**Deadline:** 30 December 2014

**Guest Editors:** Lisa Newton, University of Vermont  
Dror Etzion, Desautels Faculty of Management, McGill University  
Andreas Rasche, Copenhagen Business School  
Douglas Schuler, Jesse H. Jones Graduate School of Business, Rice University

This special issue provides a forum to address and further integrate research on business and environmental sustainability. One key aim is to strengthen the theoretical foundations of relevant debates. Potential topics for this special issue, include, but are not limited to the following areas:

1. Capitalism, Economic (De)Growth, and the Natural Environment
2. Organizational Practices Related to Environmental Sustainability
3. Governance, Regulation, and Corporate Political Activity

To address these questions, we seek a broad range of submissions, including both normative, philosophical research and theoretical or empirical (quantitative or qualitative) social-scientific research. We encourage contributions that make use of, and contribute to, disciplines like organization studies, philosophy, political science, sociology, economics, management, legal theory, and cultural studies. Papers are expected to make a clear theoretical contribution to the respective stream of research that is being addressed.

## Commission Proposal on the disclosure of nonfinancial and diversity information: the way forward?

By Daniel Gergely Szabo, PhD in law

The importance of corporate social responsibility (CSR) and sustainability is becoming increasingly acknowledged by academics, politicians and even the companies themselves. One of the most conspicuous evidence of this trend is that mandatory disclosure requirements are introduced in many jurisdictions. The latest, and from the perspective of the EU, most relevant example of such measures is the EU Commission's Proposal on the disclosure of non-financial and diversity information, which, if adopted, would introduce mandatory disclosure requirements in respect of CSR or sustainability information on the EU level.

---

*The non-financial and the diversity statement's structure is unlikely to increase transparency in CSR or sustainability information significantly. The Danish evidence suggests that such setup may only increase the quantity, but not improve the quality or comparability of the disclosed information.*

---

The structure of the requirements in the Proposal bears resemblance both to the United Nations Global Compact's Communication on Progress (COP) regime and the Danish mandatory disclosure requirement. Since these regimes have been operational for a longer duration, it is worth discussing what the likely effect of the EU

requirement may be in the light of the experiences of the COP and the Danish regimes.

The most obvious peculiarity of the Proposal is that it does not create a unified system for non-financial disclosure. It requires the disclosure of different types of information from different groups of companies. While some basic minimal requirements apply to all companies subject to the Accounting Directives, only large companies should prepare a more comprehensive non-financial statement and only listed companies should describe their diversity policies. Such a setup seems prudent as it sets disclosure criteria on the EU level thereby eliminating the possibility of Member States opting out and diversifying the limit under which the disclosure is not mandatory. At the same time, this setup also requires less disclosure by smaller companies, thereby reducing their administrative burden.

The Proposal's requirement applicable to all companies largely corresponds to the already existing reporting obligations, while the requirements related to the non-financial statement and the diversity statement pose new requirements for companies. In the non-financial statement companies should disclose at least information in respect of environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. One may argue about the prudence of indicating certain issues for disclosure in such a manner, but, as experience with the Danish

mandatory disclosure regime shows, without such indication the disclosure obligation would be too broad and unspecific. Further, these issues only provide a minimum disclosure obligation; the disclosure of other issues relevant to a certain company is still possible.

It is interesting however that diversity information is treated separately from other non-financial information. An analysis of various European countries' corporate governance codes shows that diversity is often treated as an issue separate from CSR or sustainability, belonging rather to the realm of corporate governance. This may explain, even if not validate the separation.

The separation is even less valid in the light of how these issues should be disclosed according to the Proposal: while the non-financial statement should contain the policies in respect of the aforementioned issues, their results and the risks related to them, the diversity statement should contain information on the diversity policy, its implementation and its results. Thus the structure of both the non-financial statement and the diversity statement seems similar. At the same time, while the diversity statement follows the structure of the COP and the Danish mandatory disclosure requirement entirely, the non-financial statement departs slightly from this structure.

Indeed, the structure of the non-financial statement seems to be a hybrid design put together from the requirements of the COP designed specifically to such non-financial information as CSR or sustainability information and a requirement related to information on the more financially oriented risk and risk management. This is not only surprising because of the duplication of the disclosure requirement related to risk, but also because it suggests some hesitation on part of the Commission to introduce a requirement that is targeted purely at the non-financial aspects of companies. This may indicate that the non-financial information in the reading of the Commission is only relevant as long as it directly influences the financial performance of the company, which makes the Proposal a superficial

attempt to introduce a more comprehensive non-financial reporting regime at best and creates an inherent confusion within the goals of the Proposal. As to how these disclosure obligations should be specifically fulfilled the Proposal does not contain further clarification.

---

*It is not likely that in this form the Proposal's requirements would provide the transparency and the level playing field they set out to achieve.*

---

Therefore the non-financial and the diversity statement's structure is unlikely to increase transparency in CSR or sustainability information significantly. The Danish evidence suggests that such setup may only increase the quantity, but not improve the quality or comparability of the disclosed information. This observation seems to be further enhanced in respect of the non-financial statement, due to the inherent conflict and confusion within its underlying disclosure goals.

The situation is not remedied by the introduction of more comprehensive enforcement mechanisms either. Although, the Proposal expressly aims at enhancing accountability of companies for their non-financial disclosures, no new enforcement mechanism is introduced by the Proposal. This means that the existing enforcement mechanisms have to be relied on, which do not seem to work well in respect of non-financial information.

Therefore it is not likely that in this form the Proposal's requirements would provide the transparency and the level playing field they set out to achieve. At the same time it should be noted that the determination of corporate size criteria for the disclosure threshold at the EU level constitutes a modest move toward the later goal. In general, while some effects of the new requirements, especially increased quantity of disclosure, are possible, without improvement in quality and comparability these effects do not seem to bring significant change to the area.

...

## Upcoming Events

- March 27-29 **GLOTHRO Final Conference: beyond State Obligations in International Human Rights Law – Towards Common Principles on the Obligations of Multiple Global Actors**, Åbo Akademi Institute for Human Rights, Åbo, Finland  
<http://www.ua.ac.be/main.aspx?c=.GLOTHRO&n=105981>
- April 10-11 **Integrating Social Sciences Into Legal Research**, Vilnius University Faculty of Law, International Conference of PhD Students and Young Researchers
- April 25-27 **International Conference On Mitigation of Climate Change: Law, Policy and Governance** (info above)
- May 7-9 **Alliance for Research on Corporate Sustainability Sixth Annual Research Conference**, Samuel Curtis Johnson Graduate School of Management, Cornell University, Ithaca, NY, USA  
<http://www.corporate-sustainability.org/events/6th-annual-arcs-research-conference.html>
- May 29-June 1 **Law and Inequalities: Global and Local**, Law and Society Association 2014 Annual Meeting, Minneapolis, Minnesota  
<http://www.lawandsociety.org/minneapolis2014/Minneapolis2014.html>
- June 2-3 **Achieving Sustainable Construction Health and Safety**, CIB W099 International Conference (info above)
- June 12-14 **CSR, Business Ethics and the Law – European Perspectives**, Special Track at EBEN AC 2014 “Business Ethics in a European Perspective A Case for Unity in Diversity?” (info above)

FEBRUARY 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MARCH 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

MAY 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JUNE 2014						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

AUGUST 2014						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## Upcoming Deadlines

- February 14 **Sustainability's Influence on Business Practices and Ethics**, Special issue call for papers from Management of Environmental Quality (info above)
- February 20 **International Conference On Mitigation of Climate Change: Law, Policy and Governance** (info above)  
 Abstracts
- February 28 **CSR, Business Ethics and the Law – European Perspectives**, Special Track at EBEN AC 2014 “Business Ethics in a European Perspective A Case for Unity in Diversity?” (info above)  
 Full papers and abstracts
- March 30 **Environmental Law for Sustainability**, Special issue call of Sustainability (info above)
- June 1 **Community Sustainability and Organisational Governance**, 4th Organisational Governance Conference (info above)  
 Full papers and abstracts