

## **The Danish Business Authority**

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## **Contribution to the Danish government's response to the EU consultation on the Non-Financial Reporting Directive**

In the European Green Deal, December 2019, the European Commission made a commitment to review the Non-Financial Reporting Directive (2014/95/EU) by the end of 2020 and has to this end issued a public consultation. The objective of the consultation activities is to gather data and stakeholder views for the review of the Non-Financial Reporting Directive. Herewith the Danish Chamber of Commerce's input to the Danish government's response to the consultation.

### **General comments**

#### *Explore options to ensure uniform implementation in all Member States*

The Danish Chamber of Commerce supports that Corporate Social Responsibility (CSR) reporting is based on a common playing field for companies across the EU and stresses the importance of a uniform implementation of the directive across the EU. Therefore, the Commission should explore its options to better ensure a uniform implementation across the EU.

#### *Keep the exemptions for SMEs*

The scope of the Non-Financial Reporting Directive should continue to be limited to the biggest companies and small and medium-sized companies (SMEs) should be exempt from the mandatory reporting requirements. SMEs, for example, subcontracting companies, will still be indirectly affected by any new reporting requirements, resulting from demands from customers and partners. In order to support SMEs, the Commission should try to strengthen these companies through, for example, industry-specific guidance to guide SMEs when they encounter new reporting requirements further down the value chain. Such an approach could build on the existing non-binding guidelines.

#### *Continue to align the reporting requirements with international frameworks and standards*

Companies which are in scope of the Non-Financial Reporting Directive often follow in addition international reporting guidelines and best practices like the ISO 26000 of the International Organisation for Standardisation, standards from the Global Reporting Initiative or UN Global Compact.

As practised during the drafting of the non-binding guidelines the Commission should try to align the requirements of the Non-Financial Reporting Directive with international frameworks and

standards. The revision should aim to make it easier for companies to align, voluntarily, with existing standards in order to aid comparability.

*Unnecessary burden on businesses related to non-financial reporting should be reduced*

The objective of the review to reduce the unnecessary burden for companies related to non-financial reporting as mentioned in the Inception Impact Assessment is welcomed. The study shows that it will cost Danish businesses 93.5 mio. Euro per month if the strictest mandatory CSR requirements are implemented at all company levels. The estimates are uncertain and based on mandatory due diligence throughout the value chains. The Danish Chamber of Commerce finds reporting requirements for companies to be relevant, because they streamline corporate non-financial disclosure to the benefit of investors and other stakeholders. On the other hand, it is important to strike a balance between adequate range of the regulation and burdens placed on companies. During the revision of the directive the Commission should also keep in mind that there is no one-size-fits-all in CSR reporting, as the material issues relevant to report on depend on the industry, the company's market presence etc.

Yours sincerely

A handwritten signature in black ink that reads "Malene Thiele". The signature is written in a cursive, flowing style.

**Malene Thiele**  
Head of CSR