G&A Institute's Sustainability Update (I5.A5.12.2011) European Union Rules on Corporate Reporting & India SEBI Requires ESG Disclosure for India Stock Exchange -- Corporate Responsibility in Focus

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European Union Rules on Corporate Reporting &
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-- Corporate Responsibility in Focus

In October the European Union developed a new description for corporate social responsibility for enterprises to integrate social, environmental, ethical, and human rights processes into business operations, and core strategies, including collaboration with stakeholders. The process remains informal until legislation is adopted.

The EU's action agenda for years 2011 2014 includes 8 areas, including improving disclosure on social and environmental information; new legislation will be coming early in 2012 to spell out the requirements for improved disclosure and reporting. This will include proposals on greater transparency and social and environmental information by companies for all sectors. There is already EU support for initiatives on CSR in textiles, construction, chemicals and pharmaceuticals.

The EU reaffirmed alignment with key global standards and initiatives, including some that have reporting requirements as part of a company's participation; these include:

- The UN Global Compact (with 10 Principles).
- OECD Guidelines for Multinational Enterprises.
- ISO 26000 Guidance Standard on Social Responsibility.
- ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy.
- UN Guiding Principles on Business and Human Rights.

In reviewing the sustainability and responsibility reports of US corporations for 2011 we see a good number of mentions of these standards and initiatives included by large-cap companies.

The EU has formalized objectives for sustainable and responsible growth as a means of maintaining the competitiveness of the EU countries. EU companies sign on to the Global Compact (almost 2,000 to date); 800 companies report according to the GRI framework; participate in the Business Social Compliance Initiative (dealing with supply chain conditions); register sites with the Environmental Management and Audit Scheme (EMAS); and support the UN Principles for Responsible Investment. Progress could be measured country-by-country, 15 of the 27 EU states have formal policies on CSR the passage of new laws by the EU could create union-wide requirements.

Watch India Exchange Requiring ESG Disclosure

The Securities and Exchange Board (SEBI) of India voted in November to solicit Business Responsibility Reports from listed companies as part of the [companies] annual reports. The business responsibility report should describe measures taken by companies for the key principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, which was developed by the Ministry of Corporate Affairs. The top 100 companies by market cap are initially affected.

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