



DANISH CSR REPORTING

THE DANISH FINANCIAL STATEMENTS ACT: EXPERIENCES AFTER 3 YEARS OF MANDATORY CSR REPORTING

In 2008 the Danish Parliament with overwhelming majority passed a bill amending the Danish Financial Statements Act. The amendment made it mandatory for the approximately 1100 largest companies in Denmark to report on CSR policies in case they have such policies. In particular, the companies must include the following information on CSR in their annual report:

1. The content of their CSR policies, including any standards, guidelines and principles for CSR used by the company.
2. How the company implements its CSR policies and put them into action including any systems or procedures used.
3. The company's evaluation of what has been achieved as a result of the CSR initiatives during the financial year including any future expectations.

Having a CSR policy remains a voluntary decision by each individual company. However, in case a company does not have any CSR policies, it must explicitly declare that in the management review.

Why mandatory CSR reporting?

The short answer is: Because it is important! More explicitly, disclosing information about CSR policies or non-financial information (as it is often called) is just as important as the disclosure of financial information. Thus, the reasons for installing regulation on both types of information are basically the same. Lack of regulation would leave the market with a sub-optimal level of information increasing the risk of market failure.

Further, the aim of the amendment was to “push” companies to build CSR strategies and communicate their efforts, thereby increasing the general credibility, transparency and competitiveness of Danish businesses.

Key results of compliance after 3 years:

Mandatory CSR reporting has been in effect for 3 consecutive financial years: 2009, 2010 and 2011. Key results include the following:

SIGNIFICANT MOBILISATION OF COMPANIES

Fig. 1 shows the initial effect of mobilisation. A large part of the companies were motivated to build CSR strategies or to report on any strategies already in place.

Fig. 2 shows the general level of compliance (2011) indicating that very few companies (3%) do not give any information at all.

FIG. 1:
CSR reporting for the first time (2009 – 2011)

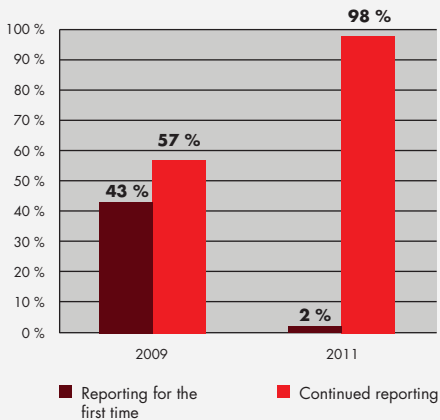
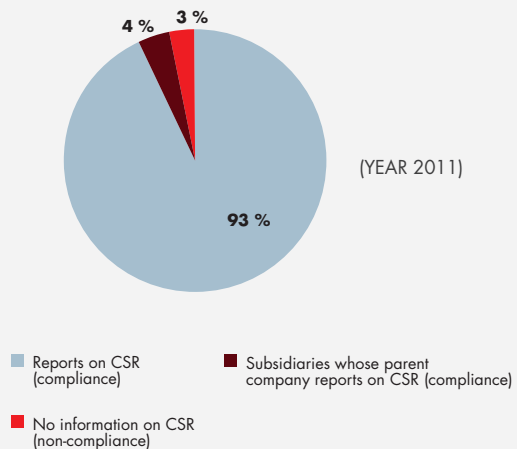


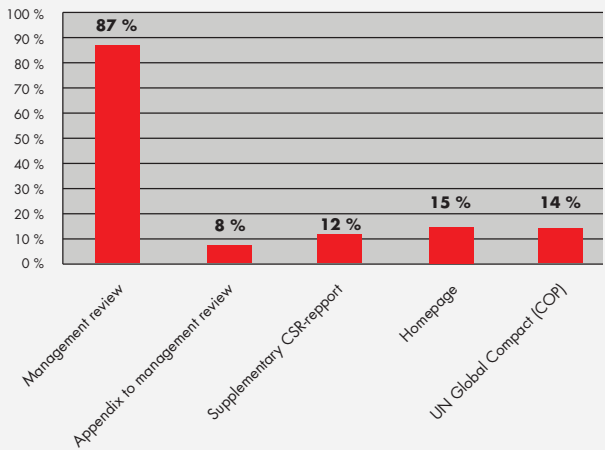
FIG. 2:
Compliance 2011



CSR REPORTING HAS THE ATTENTION OF MANAGEMENT

Fig. 3 gives a strong indication that CSR reporting has the attention of management. Although a number of companies report on CSR through several channels, CSR is addressed in the management review of most of them. Presumably, CSR is considered an integral part of the overall business strategies of most companies rather than an add-on.

FIG. 3
Channels of CSR reporting

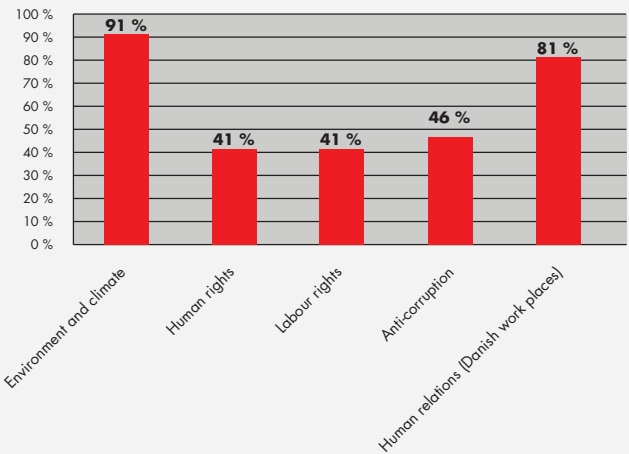


ENVIRONMENT, CLIMATE AND HR ARE CENTRAL CSR ISSUES

Fig. 4 shows how key CSR issues are represented in the CSR reports. Environment and climate as well as social / HR issues on (Danish work places) are the most dominant issues of reporting.

Other UN Global Compact themes such as human rights, labour rights and anti-corruption are less dominant.

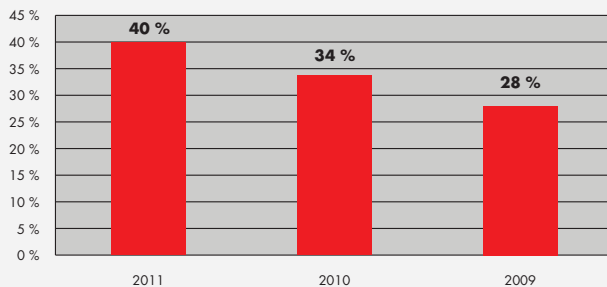
FIG. 4:
Key CSR issues of reporting (2011)



AN INTERNATIONAL FRAMEWORK OF REFERENCE IS APPLIED

Danish companies increasingly apply an international framework of reference when reporting on CSR. Thus the application of internationally recognised principles, definitions and standards etc. indicates that CSR is seen as framework condition for companies operating on global markets.

FIG. 5:
Application of international CSR principles
(e.g. Global Compact, OECD, PRI etc.)



CASE: CSR REPORTING CREATES STRUCTURE IN THE CSR WORK AT THE TIVOLI GARDENS

Tivoli is a world-famous amusement park located in the heart of Copenhagen. It is a listed company and therefore among the Danish companies that are required to report by the 2009 act, which states that Denmark's largest companies must account for their corporate social responsibility work in the annual report.

Tivoli has long had an environmental management system and a number of sporadic environmental activities, but the company has not previously produced external reports on their CSR work. The legal requirement has led to Tivoli's work with corporate social responsibility becoming better organised so that the company now works on ongoing improvements and documents its initiatives. In this way, the reporting requirement has enhanced the quality of the CSR work.

The reporting process in the Tivoli Gardens involves the top management, which helps embed the CSR work in the company. The work is organised around a CSR group and a steering group which includes Tivoli's finance director. In that way, the Executive Board is kept up-to-date about new initiatives.





ADVANCING AN INTERNATIONAL CULTURE OF CORPORATE SUSTAINABILITY REPORTING

In June 2012, the governments of Brazil, Denmark, France and South Africa formed the 'Group of Friends of Paragraph 47', following the acknowledgement of the importance of corporate sustainability reporting in Paragraph 47 of the Outcome Document of the 2012 United Nations (UN) Conference on Sustainable Development (Rio +20).

The group is supported by the UN Environment Programme (UNEP) and the Global Reporting Initiative (GRI) in a Secretariat capacity, and its founding member governments are all pioneers in sustainability reporting practice and policy.

The Group's Charter was published on 7 November 2012, laying out a common vision and acknowledging the essential role governments play in fostering an international culture of corporate transparency and accountability. The key points are:

- The intention to bring governments and other stakeholders together to develop best practice examples of policy and regulation for promoting corporate sustainability reporting
- That corporate sustainability reporting should become standard to allow for a transparent, well-functioning market economy and for the private sector to contribute to sustainable development
- To promote the use of and build upon existing and widely-used sustainability reporting guidance, such as principles, indicators, and complete frameworks
- Developing countries and Small and Medium Enterprises (SMEs) will be given particular attention in progressing on sustainability reporting if needed.

The Charter is available for download here:
www.unep.fr/scp

For further info, e-mail: secretariat@paragraph47.org

Danish Responsibility means striving for a sustainable future, while building competitive companies and a stronger society.

Danish Responsibility is a mindset which ensures that we combine economic growth with responsible behaviour. When social and environmental responsibility is incorporated throughout the supply chain, from design and production to use and disposal, the end result is better products, and better products create a better world. Learn more on www.danishresponsibility.dk