

## **JBCE Statement on the Issue of ESG Disclosure**

February, 2010

### **JBCE AS A CSR STAKEHOLDER IN THE EUROPEAN UNION**

1. The Japan Business Council in Europe (JBCE) is an industry association representing 60 European companies of large Japanese corporate groups with a combined annual turnover exceeding 1500 billion euro. JBCE and its member companies (we) actively participate in shaping the EU's public policy by serving as the voice of Japanese business operating in a wide range of business sectors in Europe.
2. Environmental and CSR issues are a key concern to our member companies. JBCE has pro-actively participated in the formulation of EU environmental policies relating to chemicals, eco-design, energy efficiency and waste. On CSR issues, JBCE's CSR Committee has been an important forum for information and best practice exchange with leading European economic and non-economic stakeholder networks. JBCE's response to the EU 2020 consultation endorsed CSR as a strong and practical factor in incoming EU's policy strategies.
3. Japanese businesses have a longstanding tradition of embracing environmental and social responsibility in their day-to-day operations. We also hold a solid track record on CSR disclosure conducted on a voluntary basis. Our reputation is confirmed by a recent third party survey (KPMG) which recognised Japan as a world leader in stand-alone CSR reports and integrated annual reports. The participation of the Japanese Ministry for Economic, Trade and Industry (METI)'s participation in the latest ESG workshop organised by DG Enterprise testifies to Japan's valuable role in CSR discussions.

### **JBCE POSITION ON ESG INFORMATION DISCLOSURE**

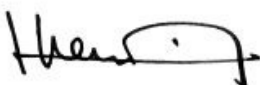
4. JBCE fully supports the direction taken by the European Commission on CSR, including recent efforts to improve transparency by facilitating stakeholder dialogue on Environment, Social and Governance (ESG) disclosure.
5. JBCE however expresses concern over the potential obligation imposed on companies of different size, business sector and organisational structure to quantify and report in accordance with only one set of quantitative key performance indicators. The drivers behind value creation are company specific and can be hardly expressed in on-size-fits-all parameters.

## **JBCE RECOMMENDATION REGARDING ESG INFORMATION DISCLOSURE**

6. In view of our full commitment to enhancing CSR practices in Europe, JBCE and its member companies propose the following recommendations to the European Commission:
- **Create a non prescriptive approach to ESG disclosure.** Providing companies flexibility of choice within broadly defined voluntary ESG disclosure options is the most viable approach which is consistent with the EU 2020's objective of enhancing companies' competitiveness and innovation. The alternative of imposing a single set of quantitative key performance indicators upon companies does not respect the diversity of business realities, would undermine the accuracy of reports and deter innovation in company-specific approaches to CSR.
  - **Create an EU-wide approach in the global context.** An EU-wide approach in light of the global context would create a meaningful strategy towards for sustainable development. Diverse disclosure requirements regarding scope and content across 27 EU Member States may create an additional administrative burden for European companies without bringing meaningful benefits to the CSR domain. By taking a globally consistent approach, the European Union would facilitate the ability of multinational companies to focus on low-carbon and welfare-enhancing solutions and effectively meet the EU2020 objectives.
  - **Training and education of information users, particularly investors and analysts.** The manner in which multinationals formulate and implement CSR strategies are influenced by the political, social, cultural and corporate context in which they operate. JBCE encourages the EU to step up investor/analyst educations on how to read the ESG information.

## **CLOSING REMARKS**

7. JBCE remains fully committed to improving CSR in an EU and global context. We join other policy participants, such as BUSINESSEUROPE, in calling on policy makers to ensure that an enabling environment exists for industry to disclose ESG information, through which companies in the EU can improve disclosure of relevant information, boosting corporate transparency, and increasing employee, investor and consumer confidence.
8. We welcome the opportunity to further discuss our concerns and recommendations in an open, collaborative and inclusive stakeholder environment. As such, JBCE and its member companies are keenly interested to contribute to ongoing debates and developments that the European Commission and/or Parliament may initiate.



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