



EU too weak on European firms' human rights reporting

(Brussels, 17 April 2013) Amnesty International has acknowledged the European Commission's proposal yesterday which would require large European companies to disclose information on environmental and social matters, including human rights, in their annual reports.

"This is an important step towards ensuring European companies function transparently and accountably wherever they operate, and conduct business responsibly", said Nicolas Beger, Director of Amnesty International's European Institutions Office. *"But the proposal leaves companies too much flexibility about what they report and fails to provide tools to enforce reporting requirements. Nor does it give companies enough guidance on the standards they should apply in their reporting. The current rules may let companies exclude information which is vital for respecting human rights, without penalty."*

International standards, which include the *UN guiding principles on business & human rights* and the OECD's *Guidelines on multinational enterprises*, ask companies to disclose information that is necessary for stakeholders, including any people and communities affected, to understand the business impact on the environment and human rights. This should reveal the risks a company's operations pose, measures to mitigate those risks, especially due diligence, and the actual impact of a company's operations which must include all major incidents during the reporting period. The risks associated with a company's supply chain and key business relationships and how they are addressed should also be covered. This is not reflected in the current proposal.

"The highly discretionary way companies report on social, environmental and human rights, which the proposal reflects, risks undermining the value and effectiveness of the Commission's proposed new law", said Beger. *"We need a robust framework which includes mandatory disclosure of key information and strong enforcement procedures which would enhance the transparency and accountability of EU businesses."*

Amnesty International yesterday issued a paper outlining key principles for non-financial reporting. It stresses that such reporting should be consistent with, *inter alia*, *UN guiding principles on business and human rights* to which the EU has made a public commitment to implementing (see <http://www.amnesty.org/en/library/info/POL30/001/2013/en>).

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