

# Position Paper

## UEAPME<sup>1</sup> position on non-binding guidelines on methodology for reporting non-financial information

UEAPME welcomes the consultation launched by the European Commission on non-binding guidelines on methodology for reporting non-financial information as it offers us the possibility to stress again that the new obligations should not negatively impact on SMEs.<sup>2</sup>

Indeed, UEAPME considers non-financial disclosure as a voluntary engagement of the entrepreneur, who should remain free to decide how far, or what and how he/she is willing to disclose. In addition, it should upon the entrepreneur to decide whether he would like to let the report attested or not. Any disclosure obligation of non-financial information or even certification of the reports is not only way too expensive and often not feasible for SMES, but would also be counterproductive to the voluntary and diverse CSR-activities of SMEs.

The competition between SMEs and the increasing pressure on companies concerning disclosure may in the long term lead to a situation that more and more SMEs will disclose non-financial information. The role of the public authorities, including the European one, is however to stimulate and to support SME to disclose non-financial information. Compulsory disclosure however is unacceptable. Compulsory disclosure will be regarded by the SMEs as, once again, an additional administrative burden and in fact it is also an additional administrative burden.

Enterprises should be encouraged to take initiatives on a voluntary basis and they should be proud to disclose, as this will be regarded as important and will have a positive effect towards the outside world.

Even exempting SMEs from compulsory disclosure, as foreseen by the Directive, can lead to an unacceptable situation for SMEs as the bigger enterprises can de facto oblige their (SME) suppliers/sub-contractors to disclose information in the same way as they are obliged to do. This very much runs counter to the character of CSR measures as voluntary activities, coming on top after the necessary legal requirements have been fulfilled.

So every envisaged measure should apply the “think small first” principle. It means that the way the companies falling under the scope of the Directive will have to disclose, should also be feasible with a minimum of costs and administration burdens for the smallest enterprises.

It means concretely that when preparing the GUIDELINES not only the companies included in the scope of the directive should be considered but all enterprises.

The consultation document rightly states that “*the Directive has been designed in a non-prescriptive manner, and leaves significant flexibility for companies to disclose relevant information in the way that they consider most useful*”.

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<sup>1</sup> UEAPME subscribes to the European Commission’s Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

<sup>2</sup> See: UEAPME Position on Disclosure of Non-Financial Information by Companies, Brussels, 4th March 2011, [http://ueapme.com/IMG/pdf/110304\\_pp\\_non\\_financial\\_final\\_disclosure.pdf](http://ueapme.com/IMG/pdf/110304_pp_non_financial_final_disclosure.pdf)

But also that “Companies may rely on national frameworks, Union-based frameworks such as the Eco-Management and Audit Scheme (EMAS), or international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation’s ISO 26000, the International Labour Organisation’s Tripartite Declaration of principles concerning multinational enterprises and social policy, the Global Reporting Initiative, or other recognised international frameworks (recital 9). Companies may also consider the sectorial OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as appropriate.”

However, none of these frameworks are a right instrument for SMEs: they are too complex, too burdensome, and too costly to be used by SMEs and they are not at all adapted to their reality.

Finally, we are surprised about some questions in the questionnaire, especially question 2 (“Who should be considered in your opinion the main audience of the non-financial statement?”) and 3 (“In your opinion, what features make a piece of information material/relevant for the purposes of the non-financial statement?”) as they should have been answered before adopting the Directive.

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