

Economy for the Common Good joins EFRAG to contribute to European sustainability reporting

ECG calls for integration of ethical parameters into the newly created CSR Directive of the European Union. The European Financial Reporting Advisory Group (EFRAG) announced the integration of a sustainability reporting pillar in its organisational structure as part of their governance reform.

Brussels, 2 February 2022 | EFRAG welcomed the Economy for the Common Good (ECG) to their sustainability reporting pillar as part of the Civil Society Organisations Chapter, along with 12 new member organisations belonging to different chapters and fields of expertise. EFRAG serves the European public interest in financial and sustainability reporting and is currently developing the standards for the revision of the CSRD on behalf of the EU Commission.

As part of its sustainability reporting activities, EFRAG offers technical advice to the European Commission, in the form of draft EU Sustainability Reporting Standards accompanied by bases of conclusions and cost benefit analysis including impact analysis. It seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard-setting process. Its legitimacy is built on transparency, governance, and public accountability.

Within this context, Economy for the Common Good contributes practical measurement and reporting tools designed to support values-driven businesses, such as the Common Good Balance Sheet, the Common Good Matrix and the Common Good Product. These instruments are defined by key performance indicators pertaining human dignity, solidarity, social justice, environmental sustainability, transparency and codetermination. ECG calls for integration of ethical parameters into the newly created CSR Directive whose first set of standards is supposed to be adopted by October 2022.

According to the ECG, the EU Commission's proposal provides a basis for the further development of the NFRD to the CSRD but should be improved by the European Parliament and Council to make a significant contribution to effective sustainability reporting, the Green Deal, the SDGs and the observance of planetary boundaries.

To help accomplish these goals, the Economy for the Common Good has formulated the following demands:

- The obligation to report on sustainability should apply to all companies that are subject to reporting requirements. According to the EU Commission's proposal, only around 49,000 out of 22.2 million of companies are covered by the legislation. SMEs create two-thirds of jobs in the EU and produce more than half of our GDP. It would be a mistake to release half of European GDP from the obligation to report on sustainability.
- Sustainability reporting should lead to quantified and comparable results, which appear visibly on products, marketing material and in the company register (including the future European Single Access Point's infrastructure) so that consumers, investors and the general public get a holistic picture of companies.

- Like the financial reports, the content of sustainability reports should be externally audited by auditors with expertise in non-financial, ethical and sustainability reporting and be provided with the test mark "reasonable assurance".
- The sustainability performance of companies should be linked to legal incentives in order to use market forces to promote social values and provide responsible businesses a competitive advantage.

Gerd Hofielen, representative of the ECG to EFRAG writes: "The ECG balance sheet is a European-wide established CSR standard that has proven to be an effective and affordable instrument for companies on their journey towards a truly sustainable business. The Common Good Matrix should serve as a model for developing reporting standards within the framework of the revision of the CSRD. This is a historic chance for a truly sustainable transformation of our economy we should not miss."

The 13 organisations newly included into the EFRAG's pool of expertise as members, additionally to the 17 already existing stakeholders, are:

- European Stakeholders Organisations Chapter: EFAMA and EuropeanIssuers
- Civil Society Organisations Chapter: The Climate Finance Fund of the European Climate Foundation, Economy for the Common Good, Environmental Defense Fund Europe, Frank Bold Society, Publish What You Pay, Transport & Environment, WWF; BETTER FINANCE, Finance Watch, European Trade Union Confederation (ETUC) and European Accounting Association complete list of the EFAMA (sector asset management).

EFRAG's General Assembly meetings will take place in February and March 2022, and the goal is that more European and Civil Society Organisations such as the ECG will join them in their efforts to attain representation of all relevant sustainability reporting stakeholders.

About the Economy for the Common Good

The Economy for the Common Good advocates a more ethical economic model, in which the wellbeing of people and the environment become the ultimate goal of business. The worldwide movement exists since 2010 and is based on the ideas of the Austrian publisher Christian Felber. Currently the movement consists of over 11,000 supporters, more than 4,000 activists in more than 160 local chapters and 31 associations. Over 500 businesses and organisations have completed the Common Good Balance Sheet. Worldwide nearly 60 municipalities and 200 universities are actively involved in spreading the idea of the Economy for the Common Good. On 29 Sep. 2018 the International Federation was founded and consists of 10 national associations. (05/2019)

Further Information: www.ecogood.org

For general questions about the Economy for the Common Good, please contact:
press@ecogood.org