

"The EU directive on sustainability reporting threatens to become all roar but no bite"

The Economy for the Common Good calls on the government to base implementation within federal law on the Common Good Balance Sheet

Hamburg | As part of its Green Deal, the EU recently agreed revised guidance on sustainability reporting which compels businesses with more than 250 employees and/or a turnover of more than 40m Euros as well as all listed companies to report their impact on people and nature. The directive's aim is to make a company's sustainability track record the yardstick of its commercial success, which, for the first time, will be measured on the basis of legally binding standards. It is expected that it will have to be implemented by member states within 18 months from December 2022.

"This directive threatens to become all roar and no bite," says Christian Felber, spokesperson of the Economy for the Common Good (ECG) which is active in 35 countries. "We call on the German government to base the implementation of the CSR Directive within federal law on the methodology of the Common Good Balance Sheet. For the directive to serve as an effective instrument for socio-ecological transformation, it's essential that the reporting is based on quantitative assessments, is comparable, that it incentivises sustainable practice and has high public visibility. Otherwise the directive won't have its intended and necessary impact on society, climate and biodiversity."

Our demands in detail:

- 1. Quantitative assessments:** the sustainability reports - including the indicators - have to be assessed through an external audit, based on an unbiased and clear points system so that the public can compare the results. Without systematic evaluation you open the floodgates for greenwashing.
- 2. Measurability and visibility:** the audited sustainability reports have to enable benchmarking and serve as a reliable tool for consumers and investors to make purchasing and investment decisions. Therefore the results should be made public through a prominent label.
- 3. Link to incentives:** the results have to lead to tangible consequences. Sustainable business practices have to be rewarded, e.g. through tax relief. Conversely, practices that have a negative impact on the environment and/or society have to be disincentivised through relative cost increases. Only when external costs are thus internalised and prices reflect these true costs will our economic system become sustainable.

Petition on nogreenwashing.ecogood.org

To get the public behind its demands, the Economy for the Common Good has started a petition on nogreenwashing.ecogood.org. Under the banner of "add bite to the roar" it addresses the federal government in Germany, in particular the department responsible for the directive's implementation, the Ministry of the Interior under Dr Marco Buschmann (of the FDP).

Says Christian Felber "The CSR Directive will show us whether legislators approach the burning issues of climate change, loss of biodiversity and social justice head-on with rigour or in a watered-down fashion. In the current climate, the acceptance of mandatory sustainability reports depends on their effectiveness and practicability. The Common Good Balance Sheet is a tried and tested sustainability reporting tool that has been continuously refined for over ten years. It has proven its applicability in day-to-day business operations and its effectiveness in relation to sustainability goals hundreds of times over. We ask that the federal government makes use of this instrument that has been developed through participatory approaches and is accepted by a diverse range of 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 writer Christian Felber. Currently the movement consists of over 11,000 supporters, more than 4,000 activists in more than 170 local chapters and 40 associations. Over 1.200 businesses, towns 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.

Further Information: www.ecogood.org

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