

November 28, 2011

On the Forthcoming Legislative Proposal on Non-financial Information Disclosure

Dear Mr Barroso,

The Japan Business Council in Europe (JBCE) warmly welcomes the Commission Communication setting out a renewed EU strategy for the period 2011-2014 for Corporate Social Responsibility which was published on October 25. Regarding the plans set out by the Commission within the document, the JBCE would like to share with you our views and comments especially in particular concerning the forthcoming legislative proposal on non-financial information disclosure.

JBCE AND ITS PAST PARTICIPATION

As global companies operating in Europe, JBCE members have a stake in the policy debate and legislative proposal on non-financial information disclosure which the European Commission plans to table in 2012. Our underlying position was expressed in the JBCE Statement of February 2010¹ as well as in the response to the public consultation on disclosure of non-financial information by companies in January 2011². In view of recent developments, in particular the discussions held in the Expert Group Disclosure of Non-Financial information by EU Companies of which JBCE was not a member, JBCE finds it important to reiterate its views and thus engage in further dialogue with key stakeholders on the issues concerned.

JBCE POSITION ON NON-FINANCIAL INFORMATION DISCLOSURE

JBCE supports the initiatives taken by the European Commission to involve stakeholders and facilitate dialogue in order to improve the transparency of companies with regard to non-financial information disclosure.

JBCE is in favour of a principles-based approach which enables companies of different size, business sector and organisational structure to choose the best reporting framework to express their company values. In line with the interpretation of materiality put forward by the IFRS' Practice Statement for Management Commentary, JBCE strongly believes that what is material to companies is company-specific and therefore even a small number of quantitative Key Performance Indicators (KPIs) would not achieve the desired results within the non-financial

¹ JBCE Statement : http://www.ibce.org/document/document_page_16.aspx?category=2

² JBCE Response: http://www.ibce.org/document/document_page_325.aspx?category=2

information disclosure process. JBCE also has reservations about a possible EU endorsement of any particular reporting schemes for the same reason.

From the perspective of an association of multi-national companies whose activities stretch across not only different European countries but also different regions in the world, JBCE strongly favors a harmonization of future requirements of non-financial information disclosure not only within the EU and but also internationally. Different disclosure requirements regarding scope and content across 27 EU Member States would create an additional administrative burden for European or multinational companies operating across different countries and regions.

JBCE believes that under the new EU regulatory framework for non-financial disclosure, companies should be allowed to report on a group or consolidated level. Such an approach would create a solid foundation for integration of non-financial information into the management structure of a company and would be more practical than a disclosure requirement at legal entity level. Furthermore, disclosure beyond consolidated group level, for example, disclosure concerning its supply chain or value chain, should not be mandatory because mandatory inclusion would make disclosure too burdensome for companies.

CONCLUSION

JBCE remains committed to improving non-financial information disclosure within the EU and global context. JBCE hopes that the European Commission will take its views into account during the preparation of upcoming legislation. We welcome the opportunity to continue discussing our concerns and recommendations in an open, collaborative and inclusive stakeholder environment.

Yours faithfully,



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Yukako Kinoshita
CSR Committee Chair
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The Japan Business Council in Europe (JBCE) is an industry association representing more than 60 European companies of large Japanese corporate groups with a combined annual turnover exceeding 1,500 billion euro. JBCE and its member companies 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.