

To the members
of the CSR Working Group

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BDA's Discussion Paper on CSR and Transparency

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Dear Colleagues

The financial and economic crisis of last year has led to a situation in the CSR debate, in which a completely new priority is assigned to the issue of transparency and credibility in business activity. With regard to corporate social responsibility, questions about the transparency of corporate commitment are the focus of attention in civil society, among policy-makers and within companies themselves.

Dialogue is needed to define the possibilities and limits of social and environmental reporting more clearly, to clarify additional related questions such as how transparency can be increased without undue bureaucracy, and to contribute to a shared understanding of what can reasonably be expected of companies. The Confederation of German Employers (BDA) is actively involved in these debates and has drafted a discussion paper on "CSR and Transparency".

This discussion paper intends to contribute to this debate. It aims to look at these issues in a differentially way. Not at least against the background of the financial crisis, the indiscriminate cry for regulation in the area of CSR reporting is becoming even louder. The need for new rules and stringent supervision of financial markets is not in dispute. But those matters should not be lumped together with the area of CSR.

In the sphere of social and environmental reporting, also known as extra- or non-financial reporting, the reporting criteria differ considerably depending on company size, sector and business environment. A medium-sized construction contractor does not have the same type of social responsibility as a multinational textile manufacturer, different reporting criteria are relevant for a business in the IT sector and an energy group.

In addition, non-financial reporting is still a young field whose dynamic development should not be brought to a halt in an overhasty manner. Lastly, the idea of non-financial reporting often prompts exaggerated expectations in relation to promotion of CSR. The objective in this dialogue must be to identify paths which support a business in doing justice to stakeholders' expectations in terms of transparency and credibility without at the same time running counter to the diverse and complex character of CSR and creating new bureaucratic burdens which ultimately pose a threat to jobs.

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Please find attached the BDA discussion paper on “CSR and transparency”. We hope it is of use for your work and would appreciate, if you could send us your comments.

Yours sincerely



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Enclosure