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EU may legislate on corporate social and environmental data

New initiative alongside corporate governance green paper



by **Daniel Brooksbank** | November 2nd, 2010

The European Commission says it may legislate not only on corporate governance but also on the transparency of corporate social, environmental and human rights information.

The Commission, the executive arm of the European Union, unveiled a set of 50 proposals last week to improve the bloc's internal market in a 46-page 'communication' [Towards a Single Market Act: For a highly competitive social market economy.](#)

Proposal 38 referred to the widely anticipated green paper on corporate governance. But the Commission added that it would also "launch a public consultation on the possible ways to improve the transparency of information provided by businesses on social and environmental matters and respect for human rights".

"These consultations could lead to legislative initiatives," the Commission stated. In explanation, it said: "It is of paramount importance that European businesses demonstrate the utmost responsibility towards not only their employees and their shareholders but towards society at large."

The Commission wants company governance to be improved in terms of the composition and diversity of boards of directors, the representation of women, long-term shareholder commitment and employee shareholding schemes.

Focus would be needed on enhancing "corporate functioning, with the specific goal of increasing employee involvement, improving relations with shareholders and facilitating more accurate valuation of business by the financial markets".

The Commission will also propose a Social Business Initiative in 2011 to bring together finance professionals and entrepreneurs with socially innovative projects "by means of in particular social ratings, ethical and environmental labelling".

Other proposals look at the status of foundations, corporative societies and mutual associations.