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UNIVERSITY OF LÜNEBURG

Steinbeis Innovation Center
Logistics and Sustainability

“EU DISCLOSURE REQUIREMENTS” LEARNING MODULE

**NOTES FOR
TRAINERS/TEACHERS**



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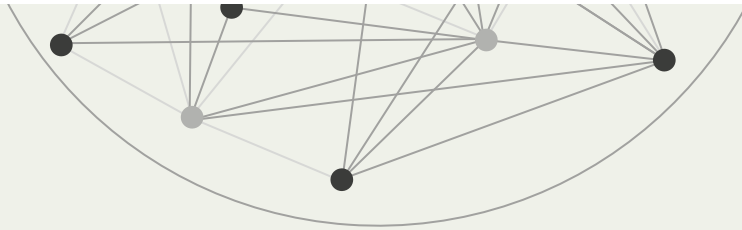


LEARNING MODULE CONTEXT

The following learning tasks relating to the topic of “EU disclosure requirements for responsible business behaviour” (also referred to as the CSR Directive) are aligned to the contents of the occupational profile position “Contracts, liability and insurance” in the general training plan for vocational education and training in the occupation of freight forwarding and logistics services clerk.

In the scope of the occupational profile position “Contracts, liability and insurance”, the legal basis of forwarding contracts and the resulting rights and obligations of the contractual partners should be explained. In addition, legal relationships arising from freight and storage contracts as well as contracts for logistics services should be differentiated from those arising from the forwarding contract. Standard industry and company terms and conditions can also be applied.

This learning module, which includes two learning tasks, focuses on the EU Directive 2014/95/EU, which calls upon companies to explain their commitment towards responsible business practices. While the first learning task looks at the EU Directive in terms of contents, the second learning task concentrates on the operational challenges that the EU Directive presents.



CONTENTS OF THE LEARNING MODULE

EU Directive 2014/95/EU was enacted on 22 October 2014 and is frequently referred to as the CSR Directive. It requires companies of a certain size to produce an annual report on certain sustainability topics with effect from the year 2017.

The CSR Directive has been implemented with two particular benefits in mind:

- Disclosure of information relevant to sustainability increases transparency. (Potential) investors and other interested parties are able to obtain a detailed picture of how the company in question deals with topics relating to sustainability and of the strategies which it pursues.
- Companies (of necessity) take sustainability issues more seriously. An especial duty is placed upon companies which have accorded very little or even no attention to the topic of sustainability in their corporate strategy or which have reported on this matter very little or not at all.

The report, which is compulsory from the business year of 2017 onwards, particularly requires companies to provide an explanation of the non-financial aspects of their business activities. It is now mandatory for companies to take a position on the following topics:

- a) Climate-related information. This includes aspects such as the use of resources and renewable sources of energy, air pollution caused, or measures instigated to preserve biological diversity.
- b) Treatment of employees. The expectation is that this section will encompass information on aspects such as existing working conditions, respect for the rights of employees, implementation of health protection measures, and cooperation with staff representation bodies.
- c) Social responsibility. The intention here is that the company should set out how it engages in dialogue with local and regional government and with local residents.
- d) Human rights. Companies are required to state whether and in which precise ways they seek to prevent the breaching of human rights.
- e) Combatting corruption. Companies should demonstrate which (preventative) measures have been initiated to combat corruption and which processes, systems, and organisations they support and promote.

Each of the points listed must be accompanied by a statement and a description of the respective strategic concepts, the due diligence processes applied, the results of the concepts that have been instigated, the material risks, and important non-financial performance indicators. A clear explanation and clear reasons must be supplied if a company has no concept in place for one or more of the items (“report or explain” or “comply or explain”). The declaration should form part of the (group) management report. If there are justified grounds, it may also be published as a separate report up to six months after the balance sheet date. There are no initial plans for contents to be scrutinised. Checks will merely be carried out to ensure that the declaration is in place. The intention is that substantive inspections will be gradually introduced.

The topic of diversity is being added to the declaration on company management. In future, companies quoted on the stock exchange will need to present details of the diversity concept deployed when making appointments to their administrative, executive management, and supervisory bodies. This must also be accompanied by a description of the implementation of the concept and of the results achieved.



Figure 1: Contents of the declaration regarding non-financial aspects

Source: [dqs-cfs.com/Deutsche Gesellschaft für Nachhaltigkeit](https://dqs-cfs.com/Deutsche-Gesellschaft-fuer-Nachhaltigkeit) (German Sustainability Association)

The CSR Directive and its associated reporting requirements apply to all publicly traded companies, financial institutions and insurance firms which employ at least 500 staff and which also have either a balance sheet total of 20 million euros or a turnover of 40 million euros. The German draft law in this area deviates from the EU Directive in that it imposes a duty on limited liability and cooperative companies. Subsidiaries are exempted from having to submit a report if disclosure of non-financial information takes place at group level.

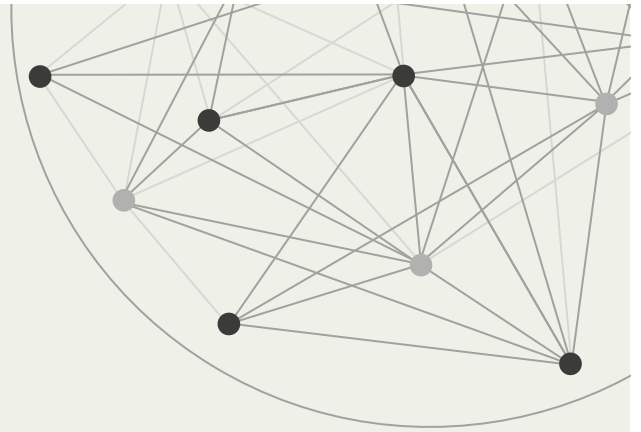
Although many of these companies and groups directly affected had previously already acted voluntarily by publishing sustainability reports in accordance with existing frameworks such as the German Sustainability Code (Deutscher Nachhaltigkeitskodex, DNK), the main hope of the federal government is that the implementation of the Directive will lead to greater transparency across the whole of the supply chain of such firms. This means, for example, that small and medium-sized companies operating as sub-contractors could indirectly be hit.



Because a considerable part of the added value in many sectors is produced by suppliers and service providers rather than remaining in the hands of the manufacturers, it is certainly conceivable that major manufacturers will pass on their duty of disclosure to the production and service companies involved. The effective outcome of this may be an expansion of the Directive to cover SMEs. Small and medium-sized firms operating in the transport and logistics sector would therefore also be drawn in. Sustainability concepts and strategies have been paid little heed at many of these companies up until now because operational implementation may involve a considerable financial outlay and/or organisational effort. Small firms in particular find this difficult to manage. If the disclosure scheme is extended, it has been emphasised that this will take place proportionately. Nevertheless, the assumption must be that greater awareness of sustainability topics will make itself felt.

One particularly desirable effect of the Directive is that companies within the supply chain will harmonise their respective concepts, thus enabling (and also motivating) small companies to participate by developing their own sustainability strategies. At the same time, this joint responsibility will mean that large companies will need to vet and choose their suppliers and service providers more carefully in future so as not to jeopardise the achievement of their own objectives.

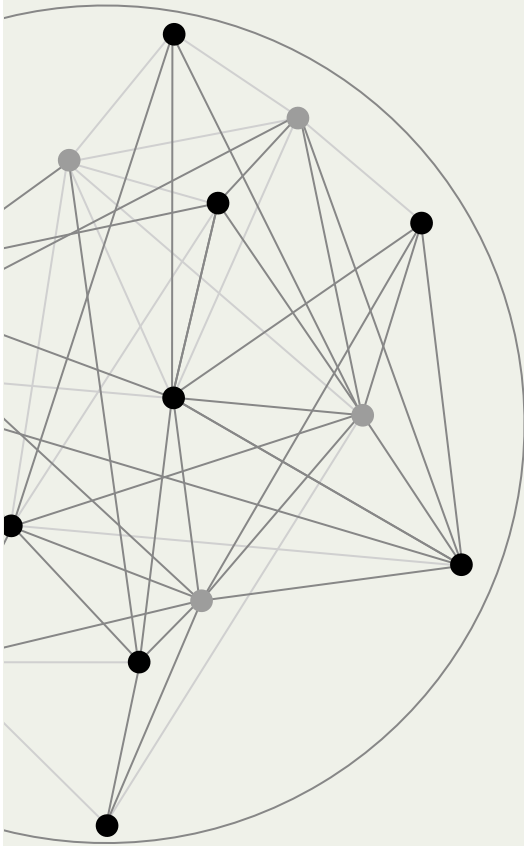
SUMMARY OF THE LEARNING MODULE

Classification under training regulation:	Contracts, liability and insurance
Topic:	EU disclosure requirements for responsible business behaviour
Type of learning task:	Basic learning task and connecting learning task
Learning venues:	Workplace, company, or classroom
Learning arrangements:	Individual work, and pairs or group work
Target competencies:	<ul style="list-style-type: none">- The trainees critically and constructively analyse EU Directive 2014/95/EU (EU reporting obligation regarding responsible economic activity).- From the critical-constructive analysis, the trainees derive requirements pertaining to their own company.
Brief description and module context:	<p>The trainees use a newspaper article to identify the main principles of EU Directive 2014/95/EU. Next, they conduct independent Internet-based research in order to consider these principles in more detail. The trainees then use this information as a basis for tackling the question as to which challenges the Directive creates for small, medium-sized and large companies and thus for their own company. Finally, the trainees discuss their findings amongst themselves and work together to design a workplace training programme, in which they provide information on the Directive and present the resultant requirements made of their own company.</p>
Contents and tasks:	<ul style="list-style-type: none">- Familiarisation with EU Directive 2014/95/EU- Critical consideration of EU Directive 2014/95/EU- Identification of company-specific challenges- Design of workplace training programme- Visualisation and presentation of results
Materials required:	<ul style="list-style-type: none">- PC with Internet connection- Flip chart paper may be needed- Flip chart markers may be needed



LEARNING PHASES	SEQUENCE OF ACTIVITIES FOR LEARNERS	EXPLANATION OF LEARNING METHODS AND TECHNIQUES	NOTES ON RESOURCES
 THE INTRODUCTORY PHASE IS WELL-SUITED TO BE WORKED ON INDIVIDUALLY			
INTRODUCTORY PHASE	<p>Before the trainees look at what the requirements of EU Directive 2014/95/EU means for their company, they read the newspaper article entitled “EU-wide CSR reporting requirement – a curse or a blessing?” and then work individually on the associated tasks (see Material 1*).</p>	<p>Trainees are given sub-tasks to work on in connection with the text in order to facilitate a structured analysis.</p>	
 THE ANALYSIS AND DEVELOPMENT PHASE AS WELL AS THE PRESENTATION PHASE ARE WELL-SUITED TO BE WORKED ON IN PAIRS OR GROUPS.			
ANALYSIS PHASE	<p>Once the trainees have read the newspaper article and grasped the basic principles of EU Directive 2014/95/EU, they work on their own to deepen their understanding.</p>	<p>Internet research is a useful way for them to continue their investigation of the topic. Trainees are provided with tips on how to conduct Internet research in the most targeted and comprehensive manner possible.</p>	<p>They will need a PC with an Internet connection in order to carry out this research.</p>
DEVELOPMENT PHASE	<p>Once trainees have considered EU Directive 2014/95/EU in detail, they meet up with other trainees from their company to collate their individual findings and engage in a critical discussion. The group works together to design a workplace training programme that covers the requirements the Directive creates for their own company. They finish by preparing their concept in a visual form.</p>	<p>For the purpose of the joint discussion, trainees are set sub-tasks to initiate a debate within the group. In order to enable them to record their results, the trainees are also given the task of designing a workplace training course.</p>	<p>A meeting room equipped with flip chart paper and pens would be a good venue for the joint discussion.</p>
PRESENTATION PHASE	<p>The trainees present their results within the context of a workplace training programme.</p>	<p>Carrying out training supports the practical relevance of the learning module and emphasises the real significance of looking at EU Directive 2014/95/EU from an internal company perspective. Such an approach also permits the requirements of the Directive to be communicated and debated within the company. This can also foster the reflection skills of the trainees.</p>	<p>For the workplace training, the trainees will need a meeting room and further media such as a projector and a PC depending on the form of the presentation.</p>

* see Notes for Trainees/Students



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Leuphana University of Lüneburg, Business Education Unit, Universitätsallee 1, 21335 Lüneburg, Germany
Steinbeis Innovation Center Logistics and Sustainability (SLN), Dresdener Straße 17, 74889 Sinsheim, Germany

Editorial staff: Prof. Andreas Fischer, Harald Hantke, Jens-Jochen Roth, Michael Tietz, Jan Pranger, Kristin Senneke

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