



Press Release

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EU reporting on sustainability and UN Sustainable Development Goals still lacking, warn Auditors

Despite the EU's commitment to sustainability and the United Nations' Sustainable Development Goals (SDGs), the European Commission does not report on or monitor how the EU budget and policies contribute to sustainable development and achieving the SDGs, according to a new review by the European Court of Auditors. The building blocks for meaningful sustainability reporting at EU level are largely not yet in place, say the auditors. The Commission has not yet built sustainability into reporting on performance, also due to absence of a long-term strategy on sustainable development up to 2030. Two EU institutions and agencies currently publish a sustainability report, while reporting by others is piecemeal.

Through sustainability reporting – also known as corporate social responsibility or non-financial reporting – an organisation publishes information about its economic, environmental and social impact. A sustainability report also presents its values and governance model, as well as demonstrating the link between its strategy and its commitment to a sustainable global economy.

The EU is committed to sustainability and implementing the SDGs. EU law requires certain large companies to report on sustainability, and they increasingly include the SDGs in their reports. The auditors examined whether the Commission leads by example in reporting on sustainable development and assessed whether pre-requisites such as a strategy with targets to report on are in place. They also checked whether other EU institutions publish sustainability reports.

“Citizens want and need reliable information on how the EU contributes to sustainable development in areas such as climate change,” said Eva Lindström, the Member of the European Court of Auditors responsible for the review. “Given the EU's commitment to the SDGs, we would expect the Commission to be able to report on the results achieved.”

Currently, Eurostat already presents statistical trends on the SDGs in the EU, largely drawing on information provided by Member States. However, the Commission does not yet report on the contribution of the EU's budget and policies towards the 2030 agenda for sustainable

The purpose of this press release is to give the main messages of the rapid case review by the European Court of Auditors. The full review is on www.eca.europa.eu.

ECA Press

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development. One exception is in the area of external action, where the Commission is adapting its performance reporting system towards sustainability.

In this context, the auditors note that the EU still lacks a strategy on sustainable development up to 2030 setting out the SDGs relevant for the EU, and the objectives and targets to report on. The Commission has recently taken steps in the right direction and published a reflection paper outlining scenarios for a sustainable Europe. However, this paper does not include a gap analysis of what more the EU needs to do in terms of budget, policy and legislation; nor does it present the contribution of EU spending programmes towards implementing the SDGs.

Two European bodies – the European Investment Bank and the EU Intellectual Property Office – have so far published sustainability reports. As for the other EU institutions and agencies, the auditors found they mainly provide information about how the running of their organisation affects sustainability, such as their use of paper or water. However, they do not report on how they have integrated sustainability issues into their planning and strategy.

The review also raises the challenge of auditing sustainability reports. The auditors say that sustainability risks are often financial risks, hence the importance of taking sustainability into account in decision-making. Furthermore, external assurance of sustainability reports can increase credibility and stakeholders' trust in the information provided, as well as reducing the risk of "greenwashing", i.e. reports being used simply as PR exercises.

The auditors identify four challenges:

- o producing an EU strategy on sustainability and the SDGs after 2020;
- o integrating sustainability and the SDGs into the EU budget and performance plans;
- o developing sustainability reporting in EU institutions and agencies;
- o Increasing credibility through audit.

Notes to Editors

The current EU reporting obligations under Directive 2014/95 on sustainability-related information apply to large public-interest entities. They concern around 7 400 listed companies, banks, insurance companies and other entities identified by Member States – these are generally large companies with over 500 employees. Organisations may publish information as a stand-alone report, as part of their financial or annual reports, or in other forms.

The ECA's rapid case review "Reporting on sustainability: a stocktake of EU Institutions and Agencies" is available on the ECA website (eca.europa.eu) in 23 EU languages. A rapid case review establishes the facts surrounding a specific issue or problem; it is not an audit report.

On Monday 17 June in Brussels, the auditors are hosting the first high-level forum on sustainability reporting. For more information, visit the [ECA website](https://eca.europa.eu).