

## **MEMORANDUM FROM THE SUSTAINABLE DEVELOPMENT COMMISSION**

1. We understand that the period for consultation responses on “Narrative Business Reporting” has now closed. This memo is therefore intended as a contribution to discussion within government as to whether to bring forward amendments to the Company Law Reform Bill following this consultation.
2. We welcome the reference to “the Government’s strong commitment to sustainable development” in paragraph 2 of the consultation document, as part of the context setting for the Business Review proposals.
3. We would like to draw attention to the specific commitment on the Operating and Financial Review (OFR) in “Securing the Future: delivering UK sustainable development strategy” (box on page 57). We are not, however, primarily concerned with the issue of whether the OFR proposals were preferable to the Business Review as a mechanism, but we are concerned that as much as possible of the content of what the Government committed itself to in “Securing the Future” concerning the OFR should be transferred into the Business Review requirements.
4. In particular, we would like to see the Business Review requirements incorporate a clear requirement for listed companies to “consider sustainable development issues alongside financial information”, including “environmental risks and uncertainties” and “social, community and employee issues.” (quotations are from “Securing the Future” page 57).
5. We would also like to see the Business Review requirements clearly refer to company planning for the future, and not simply reporting back on actions already undertaken. To use the example given in “Securing the Future”, “Directors will need to consider how their company is gearing up to operate in a carbon-constrained world”, and this should be reported on.
6. We welcome the inclusion of “the impact of the company’s operations on the community and the environment” in the directors’ duties chapter of the Bill, and would like to see this duty referred to in the Business Review requirements clauses.

Prof. Tim Jackson, on behalf of the Sustainable Development Commission.

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