



To Bill no. L 125

The Folketing (Parliament) 2011-12

Report by the Parliamentary Committee on Business, Growth and Exports on 29 May 2012

## Report

on a

### Bill for an Act on a Mediation and Complaints-Handling Institution for Responsible Business Conduct [by the Minister for Business and Growth Denmark (Ole Sohn)]

#### 1. Amendment proposal

The Minister for Business and Growth has tabled six amendment proposals to the Bill.

#### 2. The Committee work

The Bill was tabled on 28 March 2012 and received its first reading on 19 April 2012. After the first reading the Bill was referred for consideration by the Parliamentary Committee on Business, Growth and Exports.

#### *Meetings*

The Parliamentary Committee considered the Bill at two meetings.

#### *Consultation*

Before the Bill was tabled a draft Bill was submitted for consultation, and on 25 January 2012 the Minister for Business and Growth sent this draft to the Committee, cf. ERU general section – document 141. On 28 March 2012 the Minister for Business and Growth sent the consultative responses received and a memorandum in this regard to the Committee.

#### *Written submissions*

In connection with its work the Committee has received three written submissions from:

The Council of the Danish Bar and Law Society;  
The Danish Competition and Consumer Authority; and  
Verdens Skove (Forests of the World).

The Minister for Business and Growth has commented on

the written submissions to the Committee.

#### *Questions*

The Committee has submitted 18 questions to the Minister for Business and Growth to be replied to in writing, and the Minister has replied.

### 3. Recommendations and political remarks

A *majority* of the Committee (SD, SL, SPP and UL) recommends the Bill for *adoption* with the amendment proposals made.

A *minority* of the Committee (L) recommends the Bill for *rejection* at its third reading. The minority will vote neither for nor against the amendment proposals made.

The Liberal members of the Committee state that Danish companies are already among the companies that have made most progress in terms of global corporate social responsibility to people and the environment (CSR) worldwide. CSR benefits all parties – employees, the environment and the company – and the Liberals are therefore very satisfied that CSR has been disseminated among Danish companies. However, CSR has become a fixed element of Danish corporate culture on the basis of voluntary, rather than compulsory, participation. The Liberals wish to maintain this principle. Compulsory CSR will erase the principle of voluntary participation and make CSR an onerous duty. The Liberals are convinced that this will not promote CSR at a Danish or global level.

In addition, there are a number of elements of the Bill that the Liberals are unable to support. The Liberals do not find it advisable to establish a non-judicial institution to handle infringements of the OECD's Guidelines for Multinational Enterprises. The Liberals fear that Danish companies will have to respond to accusations that are not sanctioned by Danish legislation. Danish companies thus risk being made a public spectacle, even though they comply rigorously with Danish legislation. Companies risk ending in the "public stocks" and the Liberals therefore believe there is a risk that the Bill undermines the rule of law for Danish companies.

In addition, the Liberals believe as a matter of principle that international conventions are an obligation for national states - and not companies.

The Bill amends the Danish Financial Statements Act (Section 99a). The largest Danish companies are no longer only required to report on their social responsibility. They must also report on their activities in relation to human rights and the environment. Any such provision is contrary to the Liberals' convictions, as it will impose extra administrative burdens on Danish companies. The Bill will increase the administrative demands made of companies and thereby increase Danish companies' already excessively high level of costs.

Another *minority* of the Committee (DPP) recommends the Bill for *rejection* at its third reading. The minority will vote in favour of the amendment proposals made.

A *third minority* of the Committee (LA) recommends the Bill for *rejection* at its third reading. The minority will vote neither for nor against amendment proposals nos. 1-3, 5 and 6 and will vote against amendment proposal no. 4.

A *fourth minority* of the Committee (C) will vote neither for nor against the Bill at its third reading. The minority will vote neither for nor against the amendment proposals made.

Inuit Ataqatigiit, Siumut, Sambandsflokkurin and Javnaðarflokkurin were not represented with members of the Committee at the time that the report was submitted and thus did not have access to submit recommendations or political statements in the report.

An overview of the composition of the Folketing is included in the report.

### 4. Amendment proposals with remarks

#### Amendment proposals

From the Minister for Business and Growth, adopted by a majority (SD, DPP, SL, SPP and UL):

#### To Section 7

1) In subsection 3, last clause, after "is published": "also" is added.

[Clarification]

2) In subsection 6, after the first clause

"This statement is published" is added.

[Clarification]

3) In subsection 6, third clause, after "is published": "also" is added.

[Clarification]

#### To Section 10

4) In subsection 1, as the second clause

"However, Section 1(4) and (5) and Section 9 enter into force on 1 September 2012."

[Earlier entry into force of certain provisions]

#### To Section 11

5) Before no. 1 the following number is added:

»01. In Section 99 a(1) first clause, "(2)-(7)" is amended to: "(2)-(8)".

[Correction of reference]

6) After no. 1 the following new numbers are added:

»02. In Section 99 a(3), first clause, which becomes subsection. 4, clause 1, "(4), 1st clause" is amended to "(5), 1st clause".

03. In Section 99 a(3) second clause, which becomes subsection. 4, second clause, "(4), 2nd clause" is amended to "(5), 2nd clause".

04. In Section 99 a(4) first clause, which becomes subsection 5, first clause, "(3), no. 1" is amended to "(4), no. 1".

**05.** In *Section 99 a(4) second clause*, which becomes subsection 5, second clause, (3), no. 2” is amended to “(4), no. 2”.

**06.** In *Section 99 a(5)* which becomes subsection. 6, “(1) and (2)” is amended to: ”(1)-(3)”.

**07.** In *Section 99 a(6) first clause*, which becomes subsection. 7, first clause, “(1) and (2)” is amended to: ”(1)-(3)”.

**08.** In *Section 99 a(7)* which becomes (8), after clause 1 the following is inserted:

“The same applies to the information that is to be provided in accordance with subsection (3), if the progress report included human rights and climate issues.””

[Correction of references and clarification]

#### R e m a r k s

To nos. 1-3

This concerns clarification of the text of the Act.

To no. 4

In order to prepare the activities of the Mediation and Complaints-Handling Institution it will be appropriate that individual provisions already enter into force on 1 September 2012. This concerns the appointment of the institution’s members, the authority for the Danish Business Authority to determine the more detailed rules for the appointment of these members, and related qualification requirements, and to determine more detailed rules for the activities of the institution. It is already stated in the remarks to Section 10 of the Bill that the organisation and appointment of members of the Mediation and Complaints-Handling Institution must be in place before the Act enters into force.

To nos. 5 and 6

Re nos. 01-07 this concerns correction of the references in the current Section 99 a(1) (1), (3), (4), (5) and (6), as a consequence of the Bill’s addition of a new subsection 3. The corrections are of no significance to the content.

Re no. 08 this concerns clarification of the text, so that information concerning human rights and climate can also be omitted if this information is included in a progress report prepared on endorsement of the UN’s Global Compact or the UN’s Principles for Responsible Investments.

*Benny Engelbrecht (SD) Jacob Bjerregaard (SD) Jan Johansen (SD) Mette Reissmann (SD) Karin Gaardsted (SD) Chair.*

*Trine Bramsen (SD) Simon Kollerup (SD) Andreas Steenberg (SL) Nadeem Farooq (SL) Camilla Hersom (SL)*

*Hans Vestager (SL) Annette Vilhelmsen (SPP) Steen Gade (SPP) Frank Aaen (UL) Henning Hyllested (UL) Kim Andersen (L)*

*Gitte Lillelund Bech (L) Anne-Mette Winther Christiansen (L) Vice Chair Preben Bang Henriksen (L)*

*Torsten Schack Pedersen (L) Mads Rørvig (L) Hans Christian Schmidt (L) Hans Christian Thoning (L)*

*Hans Kristian Skibby (DPP) Dennis Flydtkjær (DPP) Mette Hjermind Dencker (DPP) Kim Christiansen (DPP)*

*Ole Birk Olesen (LA) Brian Mikkelsen (C)*

Inuit Ataqatigiit, Siumut, Sambandsflokkurin and Javnaðarflokkurin did not have members of the Committee.

The Liberals, Denmark's Liberal Party (L)	47	Liberal Alliance (LA)	9
The Social Democratic Party (SD)	44	The Conservative Party (C)	8
The Danish People's Party (DPP)	22	Inuit Ataqatigiit (IA)	1
The Social Liberal Party (SL)	17	Siumut (SIU)	1
The Socialist People's Party (SPP)	16	Sambandsflokkurin (SP)	1
The Unity List (UL)	12	Javnaðarflokkurin (JF)	1

## Appendix 1

### Overview of documents concerning L 125

<b>Document no.</b>	<b>Title</b>
1	Consultation memorandum and consultation response from the Minister for Business and Growth
2	Submission of 17/4-12 from the Danish Competition and Consumer Authority
3	Timetable for the Parliamentary Committee's consideration of the Bill
4	Submission of 24/4-12 from Verdens Skove (Forests of the World)
5	Submission of 10/5-12 from the Council of the Danish Bar and Law Society
6	Amendment proposal from the Minister for Business and Growth
7	First draft report

### Overview of questions and responses concerning L 125

<b>Q. no.</b>	<b>Title</b>
1	Question concerning the Minister's comment on the submission of 17/4-12 from the Danish Competition and Consumer Authority to the Minister for Business and Growth, and the Minister's response
2	Question concerning a statement on the challenges to the rule of law of the proposed Mediation and Complaints-Handling Institution taking decisions based on UN Conventions and OECD guidelines that are not legally binding on Danish companies, to the Minister for Business and Growth, and the Minister's response
3	Question concerning why the government wishes to impose human rights obligations on Danish companies when all human rights conventions are binding on the states that ratify them, and not the private individuals or companies in the state in question, to the Minister for Business and Growth, and the Minister's response
4	Question concerning a statement on the expected administrative burdens and economic costs of expanding the reporting requirement in Section 99 a of the Financial Statements Act, to the Minister for Business and Growth, and the Minister's response
5	Question concerning how the establishment of the Mediation and Complaints-Handling Institution and the increased administrative burdens are in line with the government's goal of reducing bureaucracy, to the Minister for Business and Growth, and the Minister's response
6	Question concerning why cases that are rejected as unfounded are not subject to exemptions from the Access to Public Administration Files Act, to the Minister for Business and Growth, and the Minister's response

- 7** Question concerning how the Minister will ensure that the information concerning the companies whose cases are rejected as unfounded is made sufficiently anonymous, in view of the fact that it is subject to the Access to Public Administration Files Act, to the Minister for Business and Growth, and the Minister's response
- 8** Question concerning the grounds for introducing legislation with reporting requirements and sanctions in an area where voluntary participation and motivation have proved to be driving forces, to the Minister for Business and Growth, and the Minister's response

- 9** Question concerning a report on the composition of the new mediation and complaint-handling body, including a statement on how the DKK 3 million allocated annually is proposed to be used, to the Minister for Business and Growth, and the Minister's response
- 10** Question concerning a statement on which concrete obligations companies operating abroad are subject to by making them responsible for employees' right to, for example, social security, work, housing and a reasonable standard of living, to the Minister for Business and Growth, and the Minister's response
- 11** Question concerning the Minister's position on how the new mediation and complaint-handling body creates a non-judicial parallel system to the courts, whereby the institution is not to reach decisions based on laws and regulations, but on morals and ethics, to the Minister for Business and Growth, and the Minister's response
- 12** Question concerning the definition of "corporate social responsibility" to the Minister for Business and Growth, and the Minister's response
- 13** Question concerning the expected development in the number of cases on the establishment of a mediation and complaint-handling body for corporate social responsibility compared to the existing body for this area, to the Minister for Business and Growth, and the Minister's response
- 14** Question concerning a statement on the proportionality – including the suitability and necessity - of a mediation and complaint-handling body in relation to the rule of law for companies, to the Minister for Business and Growth, and the Minister's response
- 15** Question concerning whether there are other public, non-judicial grievance mechanisms in Denmark, to the Minister for Business and Growth, and the Minister's response
- 16** Question concerning examples of other non-judicial grievance mechanisms in other countries and an account of the experience with the rule of law from these countries, to the Minister for Business and Growth, and the Minister's response
- 17** Question concerning the Minister's comment on the submission of 24/4-12 from Verdens Skove (Forests of the World) to the Minister for Business and Growth, and the Minister's response
- 18** Question concerning the Minister's comment on the submission of 10/5-12 from the Council of the Danish Bar and Law Society, to the Minister for Business and Growth, and the Minister's response