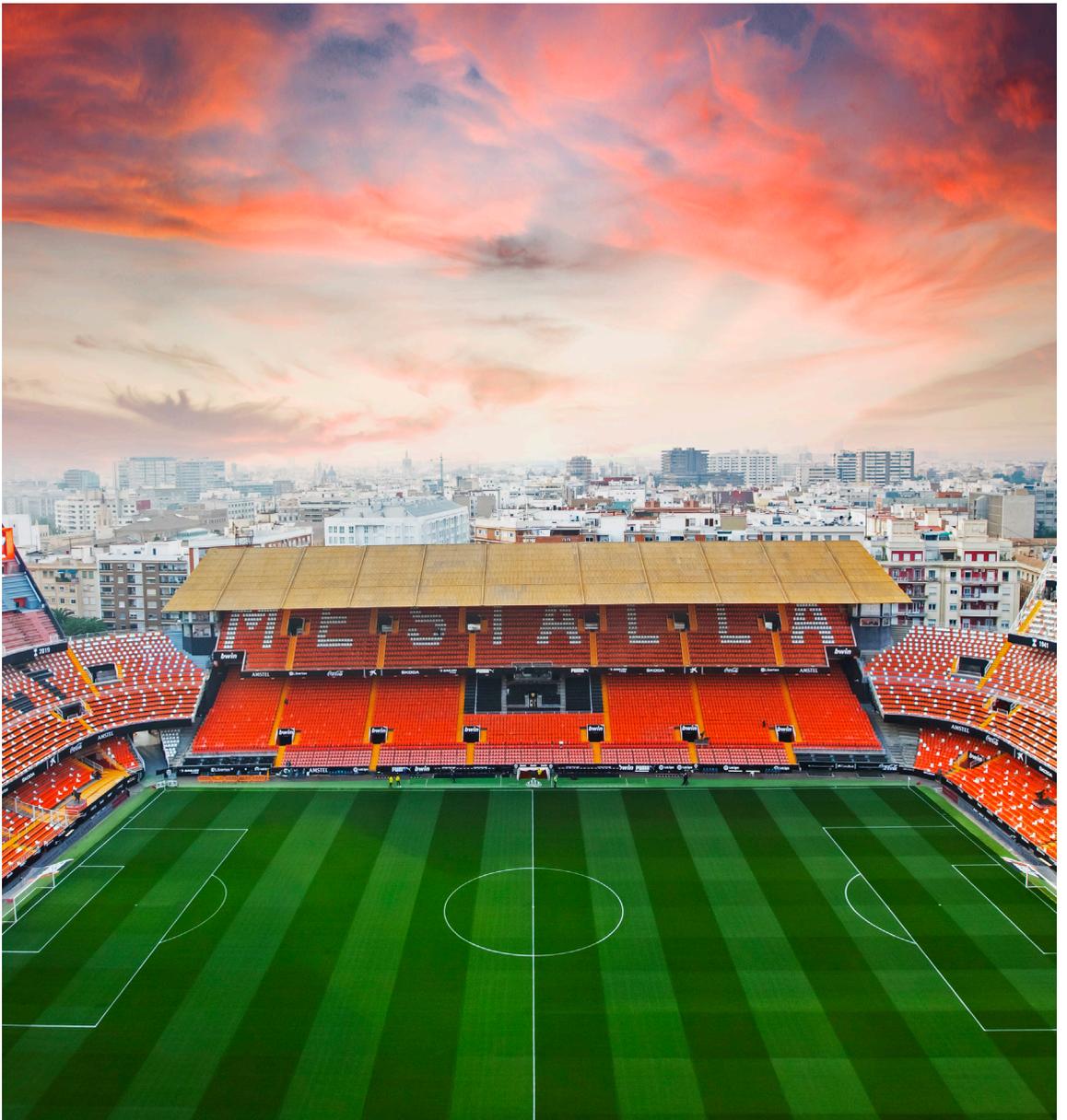


# **FBIN 23**

## **MAGAZINE**

June 2021



# MANDATORY SUSTAINABILITY REPORTING FOR MAJOR EUROPEAN FOOTBALL CLUBS COMING SOON?!

The importance of sustainability aspects in professional sport- as in other sectors of the economy- is steadily increasing. The sports sector, however, has a special significance here due to its direct contact with citizens of all ages and backgrounds. Sustainability plays a role in the handling of events, the selection of sponsors, the involvement of stakeholders in decisions of the organisations, supply chains, betting business, the support of environmental / social projects and much more.

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By Andreas Hecker

Numerous European clubs and sports organisations have therefore been voluntarily publishing sustainability reports for some years now, in which they report on their actions as well as on risks and opportunities in the areas of environment, social affairs, labour issues, respect for human rights or the fight against corruption. In principle, there is no reporting obligation for the clubs from a legal perspective. But stakeholders of clubs and sports organisations are meaningfully informed about the sustainability commitment through such reporting. This can strengthen the image of the respective organisation and its attractiveness to the public. In addition, the reporting questions the organisation's own actions and, if necessary, corrects and develops them further.

Since 2018, large listed companies and banks in the European Union have been obliged to report on sustainability in the form of so-called

“non-financial reports”. The basis for this obligation is the EU CSR-Directive / non-financial-reporting Directive (2014/95/EU) from 2014. On 21 April 2021, the EU Commission presented the proposal for an amending directive (COM (202) 189). According to this amending directive, all large companies in the EU - regardless of whether they are listed on the stock exchange - are to be obliged to prepare annual sustainability reports (for the first time for the 2023 financial year). The minimum content of the mandatory sustainability reports results from the legal regulations, whereby the regulations are substantiated with the current draft directive. In addition, the report is to be externally audited in the future. The size classification “large companies” is derived from the EU accounting regulations, according to which two of the following three values must be exceeded cumulatively in order to be covered by the sustainability reporting obligation:



- Balance sheet total of more than 20 million euros p.a.
- Sales revenues of more than 40 million euros p.a.
- More than 250 employees on average

Capital market-oriented companies, e.g. clubs listed on the stock exchange, are also covered by the reporting obligation if they do not exceed these values.

With the relevance of these key economic data, the number of companies subject to the reporting obligation increases EU-wide from approx. 11,600 to approx. 49,000 companies. Large football clubs and other commercial enterprises from the sports sector will thus also be covered by the sustainability reporting obligation in the future.

After the adoption of the draft directive at EU level, the next step would be to transfer the amending directive into the respective national laws. Subsequently, the clubs and companies concerned would be obliged to prepare a corresponding sustainability report or a non-financial statement together with the preparation of the annual financial statements for the first time for the 2023 financial year. The EU directive and the respective national implementation regulations make concrete specifications on the content of the non-financial report or the sustainability report, e.g. on which sustainability aspects which information

must be published and how the report is to be structured.

Sustainability in the sports sector is not only an abstract topic or linked to individual measures, but is also increasingly coming to the fore for (large) clubs and associations in the development of their clubs. Stakeholder interest in these issues is growing and investors are increasingly trying to invest under sustainability aspects. The EU is also supporting the area of sustainability investments with corresponding legal frameworks. The reporting obligation that is now emerging will once again bring the importance of the topic to the fore. In the area of professional football, there is the peculiarity that individual leagues will have a large number of clubs with such reporting obligations, while in smaller leagues perhaps only one or two clubs will be obliged to report in the future. It therefore remains to be seen whether the reporting obligation of individual clubs will lead to leagues and associations using the opportunity to make changes in the context of licensing procedures and possibly also oblige economically smaller clubs to provide more information on sustainability factors, irrespective of the thresholds then applicable in the EU. ■

**About the author:**

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