

Corporate Social Responsibility: accountable, transparent and responsible business behaviour and sustainable growth

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The European Parliament adopted by 553 votes to 41, with 38 abstentions, a resolution on corporate social responsibility (CSR): accountable, transparent and responsible business behaviour and sustainable growth.

Parliament calls for a **modern understanding of CSR**. It endorses the **new definition of CSR put forward by the Commission**, which does away with the dichotomy between voluntary and compulsory approaches which has hitherto polarised debate on CSR.

Parliament also believes that in cases where a business is in difficulty, **excessive bonuses, compensation and salaries paid to managers are incompatible with socially responsible behaviour**. The resolution states that a business's tax policy should be considered part and parcel of CSR and that socially responsible behaviour consequently leaves no room for strategies aimed at evading tax or exploiting tax havens.

Strengthening the links between CSR, the general public, competitiveness and innovation: Parliament considers that the Commission should take the initiative on this issue. It calls on the Commission to:

- promote innovative, along with the national authorities, business models designed to forge closer links between businesses and the social environment in which they operate;
- consider the current discussions taking place with regard to the review of the Accounting and Transparency Directives so that the new proposed CSR strategy would complement the revised Directive;
- raise CSR's profile and disseminate best practice;
- introduce a European award scheme for CSR firms and partnerships and consider, among other actions, whether an **European social label** could be introduced to this end;
- support the efforts of the CSR Europe network, seeking first and foremost to strengthen cooperation between business and Member States;
- carry out periodic surveys of public trust in business and public attitudes towards CSR strategies implemented by businesses and link the content of these surveys with the revision of the sustainable consumption and production action plan, with a view to identifying barriers to more responsible consumption.

Making CSR policies more transparent and more effective: to combat misleading and false information regarding commitments to corporate social responsibility and relating to the environmental and social impact of products and services, the following initiatives are also called for: (i) combating 'greenwashing'; (ii) account to be taken of social and environmental considerations in public procurement. Plenary insisted for the **lowest price no longer to be used as an award criterion** and for greater accountability throughout the subcontracting chain; (iii) strengthening the potential of CSR in tackling climate change by linking it to resource and energy efficiency, e.g. in the processes companies use to purchase raw materials.

Parliament stresses that Socially Responsible Investment (SRI) is part of the implementation process of CSR in investment decisions. This should combine investors' financial objectives with their concerns

regarding social, environmental and ethical (SEE) and corporate governance issues. Members acknowledge the importance of businesses divulging information on sustainability such as social and environmental factors, with a view to identifying sustainability risks and increasing investor and consumer trust. The resolution also stresses that stringent respect for human rights, due diligence and **transparency** must be maintained in order to ensure CSR along the whole supply chain.

Members state that **corporate responsibility must not be reduced to a marketing tool**, and that it should be embedded in a company's overall business strategy. They call on the Commission and the Member States to introduce corporate stewardship codes that reflect the importance of responsibility for all in the company.

In addition, Parliament advocates the adoption of a legislative proposal allowing for high flexibility of action, in order to take account of CSR's multi-dimensional nature and the diversity of the CSR policies implemented by businesses, matched by a sufficient level of comparability to meet the needs of investors and other stakeholders as well as the need to provide consumers with easy access to information on businesses' impact on society. It considers that information on sustainability should also cover, where appropriate, the subcontracting and supply chains and should be based on globally accepted methodologies such as those of the Global Reporting Initiative or the Integrated Reporting Council which offer a simplified framework to be applied to SMEs.

Other measures are proposed in the resolution such as further consideration to both binding and non-binding measures to facilitate the recognition and promotion of efforts by businesses in connection with transparency and the disclosure of non-financial information.

SMEs and micro-enterprises: Parliament voices its **opposition to all measures that could result in additional administrative or financial constraints for SMEs** but calls for support of measures enabling SMEs to take joint action. It calls on the Commission, in collaboration with Member States, to devise strategies and measures to help SMEs pool best CSR practice. Members call for the '**think small first**' principle to be strengthened.

As regards auto-regulation: Parliament welcomes the Commission's intention to launch a 'Community of Practice' on CSR which must be complementary to a code of good practice for co-regulation and self-regulation. In this respect, it calls for the full and active consultation and involvement of representative organisations, including trade unions. Whilst acknowledging the substantial value and potential of self-regulation and co-regulation instruments, Members are **opposed, however, to the introduction of a single approach** that fails to take account of the specificities of each sector and the specific requirements of businesses.

Members support the Commission's proposal to require all investment funds and financial institutions to inform every customer about any ethical or responsible investment criteria which they apply or any standards and codes to which they adhere. They call for the CSR policies of companies in the relevant sectors (such as travel, insurance, accommodation and telecommunications) to include positive and practical strategies and structures to support victims of crime and their families during a crisis.

Compliance issues and relations with third countries: Parliament stresses that, following the entry into force of the Lisbon Treaty, it is to be fully informed on how the findings of Sustainability Impact Assessments (SIA) of agreements are incorporated into negotiations. It stresses that future bilateral investment treaties signed by the EU must guarantee that a fair balance is struck between the need to protect investors and the need to allow for state intervention, especially with regard to social, health and environmental standards. Parliament also calls on the Commission to raise awareness at corporate level concerning the importance of CSR and the **consequences of non-compliance**. The Commission should encourage EU companies to take initiatives aimed at promoting CSR and to exchange good practices with their **partners in other countries**.

To conclude, Parliament emphasises the need for any **regulatory measures to be drawn up within a robust legal framework** and in line with international standards, in order to avoid disparate national interpretations. It encourages the Commission to continue its efforts to promote CSR in relations with other countries and regions around the world and call for greater efforts to make reciprocity a central tenet of trade relations. Members reaffirm the belief that the development of CSR should be driven primarily through the multi-stakeholder approach. There is a need for targeted measures and approaches for the development of CSR among SMEs.

Lastly, the report notes that the current Commission strategy for CSR covers the period 2011-2014. It calls on the Commission to ensure that an ambitious strategy is adopted in good time for the period **after 2014**. It should be noted that a parallel resolution on promoting society's interests and a route to sustainable and inclusive recovery in the framework of CSR was adopted on the same day [see [2012/2097\(INI\)](#)].