Basic information

2006/2133(INI) INI - Own-initiative procedure	Procedure completed
Corporate social responsibility: implementing the partnership for growth and jobs **Subject** 3.45 Enterprise policy, inter-company cooperation 4 Economic, social and territorial cohesion 4.10 Social policy, social charter and protocol 5.03 Global economy and globalisation 5.05 Economic growth	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
EMPL Employment and Social Affairs	HOWITT Richard (PSE)	19/04/2006

Committee for opinion	Rapporteur for opinion	Appointed
DEVE Development	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	HÖKMARK Gunnar (PPE-DE)	20/06/2006
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	
FEMM Women's Rights and Gender Equality	PANAYOTOPOULOS-CASSIOTOU Marie (PPE-DE)	11/07/2006

European Commission

Commission DG	Commissioner
Employment, Social Affairs and Inclusion	ŠPIDLA Vladimír

Key events

Date	Event	Reference	Summary
22/03/2006	Non-legislative basic document published	COM(2006)0136	Summary
15/06/2006	Committee referral announced in Parliament		
19/12/2006	Vote in committee		Summary
21/12/2006	Committee report tabled for plenary	A6-0471/2006	
12/03/2007	Debate in Parliament		
13/03/2007	Decision by Parliament	T6-0062/2007	Summary
13/03/2007	Results of vote in Parliament		
13/03/2007	End of procedure in Parliament		

Technical information

Procedure reference	2006/2133(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/6/37577

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE380.802	09/11/2006	
Committee opinion	FEMM	PE378.560	17/11/2006	
Committee opinion	ITRE	PE376.777	29/11/2006	
Amendments tabled in committee		PE382.340	30/11/2006	
Committee report tabled for plenary, single reading		A6-0471/2006	21/12/2006	
Text adopted by Parliament, single reading		T6-0062/2007	13/03/2007	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2006)0136	22/03/2006	Summary

Corporate social responsibility: implementing the partnership for growth and jobs

2006/2133(INI) - 22/03/2006 - Non-legislative basic document

PURPOSE : to present a communication on the implementation of the partnership for growth and jobs: making Europe a pole of excellence on corporate social responsibility.

CONTENT : this communication has been prepared by the Commission within the context of the relaunched Lisbon Agenda and the 2005 “Partnership for Growth and Jobs”. It builds on a call, by the Heads of State in Hampton Court, to find innovative solutions to promoting European competitiveness whilst at the same time defending European values on social justice and sustainable development. Corporate Social Responsibility (CSR) acts as a valuable tool in addressing these challenges. By promoting CSR the EU is well placed to reconcile its economic, social and environmental ambitions with the need to defend wider societal needs in the form of social cohesion, social welfare and environmental protection. The core theme of this Report is to make Europe a pole of excellence on CSR precisely because CSR encapsulates and mirrors the core values of the EU: global free economies based on social justice and sustainable development.

Since the concept of CSR was first launched at the European level in 2000, a growing consensus has emerged on its definition namely: “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” CRS is a recognition that successful market economies are built upon coherent legislation and regulation but that, at the same time, a certain amount of self limitation, fairness and trust are essential to nurturing innovation and entrepreneurship. CRS, being non obligatory, asks stakeholders to go beyond existing minimum legal requirements. The Communication recognises the valuable contribution that business provide in terms of employment opportunities and creativity. At the same time, Europe needs socially responsible businesses that take their share of responsibility for the state of European affairs.

For the reasons outlined above, the Commission will give greater political visibility to CSR by acknowledging what European enterprises already do in this field and to encourage them to do more. Part of this backing includes supporting businesses in setting up a “European Alliance on CSR”. This alliance will be an open alliance of European enterprises, for which enterprises of all sizes are invited to express their support. It will act as a political umbrella for new or existing CSR initiatives and will include large companies, SME’s and their stakeholders. It will not act as a legal instrument nor will it be signed by enterprises, the Commission or any public authority. The Alliance will act as a political process in order to increase the uptake of CSR amongst European enterprises. Further, it will seek to promote CSR as a business opportunity creating win-win situations for companies and societies whilst recognising that CSR is a voluntary business approach which reflects the diversity of European businesses.

In other initiatives, the Commission has reviewed the work accomplished on CSR at an EU level, in order to align its approach with the priorities of the Growth and Jobs strategy. Based on its finding the Commission urges European enterprises “to move up a gear” and to strengthen their commitment to CSR. Although CSR is not a substitute for public policy it can contribute to a number of public policy imitative not least: more integrated labour markets; higher levels of social inclusion; investment in skills development; life long learning; a more rational use of natural resources; greater respect for human rights, environmental protection; and poverty reduction through implementation of the “Millennium Development Goals”.

As well as offering backing and support to the European Alliance for CSR, in the coming year the Commission will also promote:

Awareness raising and best practice exchange: The Commission will focus, in particular, on SMEs and some of the new Member States where CSR is less well known. It will also raise awareness amongst consumers on the effects of their consumption and investment choices.

Multi-stakeholder initiatives: The Commission will organises regular review meetings of the Multistakeholder Forum.

Co-operation with the Member States: The Commission will encourage the Member States to make best use of the instruments available to them for the implementation of CSR.

Consumer information and transparency: Together with stakeholders, the Commission will examine the need for further voluntary actions to achieve greater consumer transparency. For example, in the field of public health.

Research: The Commission will explore ways in which the 7th Research Programme can help support CSR activities.

Education: The Commission will invite educational bodies (universities, business schools etc.) to incorporate CSR into their educational portfolios as a cross cutting issue – in particular when addressing future managers and graduate students.

SME’s: The Commission recognises that a specific approach is needed to foster CSR amongst SME’s and as such the Commission will facilitate the exchange of experience on how best to encourage CSR amongst SME’s in Europe.

An international dimension to CSR: Under this action, the Commission will promote CSR globally, through for example, the UN and OECD as well as supporting high environmental standards on an international basis.

To conclude, the Commission strongly believes that CSR matters. It represents an aspect of the European social model. It contributes to sustainable development, whilst as the same time enhancing Europe’s innovative potential and competitiveness. Importantly, it contributes to employment and growth. In short, the Commission has committed itself to making Europe a pole of excellence on CSR.

Corporate social responsibility: implementing the partnership for growth and jobs

2006/2133(INI) - 13/03/2007 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Richard **HOWITT** (PES, UK) in response to the Commission communication on corporate social responsibility (CSR). Parliament was convinced that increasing social and environmental responsibility by business, linked to the principle of corporate accountability, represented an essential element of the European social model, Europe's strategy for sustainable development, and for the purposes of meeting the social challenges of economic globalisation. CSR policies should be promoted on their own merits and should represent neither a substitute for appropriate regulation in relevant fields, nor a covert approach to introducing such legislation.

Parliament recognised that a debate remained open among different stakeholder groups on an appropriate definition of CSR and that the concept of 'beyond compliance' might enable some companies to claim social responsibility while at the same time not respecting local or international laws. Parliament believed that EU assistance to governments of third countries in implementing social and environmental regulation together with effective inspection regimes, were a necessary complement to advancing the CSR of European business worldwide.

Parliament felt that the EU debate on CSR had approached the point where emphasis should be shifted from 'processes' to 'outcomes', leading to a measurable and transparent contribution from business in combating social exclusion and environmental degradation in Europe and around the world. Markets and companies were at different stages of development across Europe. Therefore, a one-size-fits-all method for corporate behaviour was not appropriate and would not lead to a meaningful uptake of CSR by companies. Furthermore, emphasis should be placed upon the development of civil society and in particular, consumer awareness about responsible production to promote the uptake of corporate responsibility.

The Commission was urged to ensure a single point of coordination for the proposed European Alliance for Corporate Social Responsibility and to invite representatives from a number of national, regional and local governments committed to using procurement and other public policy tools to advance CSR to form their own 'laboratory' under the Alliance and to integrate their findings in its future work.

The link between CSR and competitiveness: Parliament welcomed the objective of linking CSR to the economic, social and environmental aims of the Lisbon strategy, and supported the principle of 'responsible competitiveness' as an integral part of the Commission's Competitiveness and Innovation Programme (CIP). It challenged European companies to include in their reporting how they are contributing to the Lisbon objectives. It noted a contradiction between competitive sourcing strategies by companies seeking continuous improvements in flexibility and cost on the one hand and voluntary CSR commitments seeking to avoid exploitative employment practices and promote long-term relationships with suppliers on the other, and welcomed further dialogue on this point. Parliament recognised CSR as an important driver of business and called for the integration of social policies such as the respect for workers" rights, a fair wages policy, non-discrimination, and lifelong learning, and environmental issues, both in support for new products and processes through EU innovation and trade policies, as well as in drawing up competitiveness strategies.

CSR instruments: the Commission was asked to put forward a proposal to amend the Fourth Company Law Directive so that social and environmental reporting was included alongside financial reporting. Parliament also recommended that the Commission extend the responsibility of directors of companies with more than 1 000 employees to encompass the duty for the directors themselves to minimise any harmful social and environmental impact of companies' activities. Recalling previous consideration given to the appointment of an EU ombudsman on CSR to undertake independent enquiries on CSR-related issues at the request of companies or any stakeholder group, Parliament invited further reflection about this proposal in the future. The Commission was also urged to implement a mechanism by which victims, including third-country nationals, could seek redress against European companies in the national courts of the Member States.

Better regulation and CSR: major efforts should be undertaken by the Commission and Member State governments to use the opportunities provided by the revision of the public procurement Directives in 2004 to support CSR by promoting social and environmental criteria amongst potential suppliers. The Commission, the European Investment Bank and the European Bank for Reconstruction and Development must apply strict social and environmental criteria to all grants and loans allocated to private sector companies, building on the example linking public procurement and compliance with the ILO Core Conventions and OECD Guidelines for Multinational Enterprises in the Netherlands and with the SA8000 CSR standard by several Italian provinces. Member States should take steps to ensure that any export credit guarantees comply with the highest environmental and social criteria and should not be used for projects that run counter to agreed EU policy goals concerning, for example, energy or armaments.

Mainstreaming CSR in EU policies and programmes: Parliament welcomed direct financial support from the Commission for CSR initiatives, in particular to encourage innovation, to enable stakeholder involvement and to assist potential victims' groups in relation to alleged malpractice including corporate manslaughter. It encouraged the Commission to develop mechanisms that ensure that communities affected by European companies are entitled to a fair and accessible process of justice. Parliament called for greater efforts to be made by the Commission to support CSR in relation to EU companies operating in third countries through its external assistance programmes. It also called for the Commission better to integrate CSR in its trade policies, by seeking to introduce in all bilateral, regional or multilateral agreements binding articles in compliance with internationally agreed CSR standards such as the OECD Guidelines for Multinational Enterprises, the ILO's Tripartite Declaration and Rio Principles, as well as reservation of regulatory powers on issues of human rights, social and environmental responsibility. Commission delegations in third countries need to act as contact points in relation to the OECD Guidelines. The Commission and Member States should improve the functioning of national contact points (NCPs) in particular in dealing with specific instances raised concerning alleged violations throughout operations and supply chains of European companies worldwide.

Noting the contribution made by the international fair trade movement in pioneering responsible business practices for sixty years, Parliament called on the Commission to explore systematically how the experience of the movement could be used in the context of CSR. The Commission was asked to publish an authoritative 'Annual State of CSR' drawn up in cooperation with independent experts and researchers collating existing information, describing new trends and providing recommendations for future actions.

The Commission was also requested to fulfil its commitment to publish an annual report on the social and environmental impact of its own direct activities, as well as developing policies to encourage the staff of EU institutions to undertake voluntary community engagement.

Europe's contribution to global CSR: Parliament felt that the potential impact of CSR policies remained greatest in relation to companies' global supply chains, to enable responsible investment by companies to assist in the fight against poverty in developing countries, to promote decent working conditions, to support principles of fair trade and good governance, as well as to reduce the incidence of breaches of international standards by corporations in countries where regulatory regimes are weak. It asked the Commission to organise a major international initiative in 2007 to mark the fifth anniversary of the commitment agreed at the World Summit on Sustainable Development to undertake inter-governmental initiatives in the field of corporate accountability. The Commission should also launch specific research into the impact of CSR policies and put forward proposals to increase responsible investment by firms and their responsibility.

Lastly, it should be noted that Parliament deleted clauses requesting a European product labelling standard.