Basic information

2012/2097(INI) INI - Own-initiative procedure	Procedure completed
Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery **Subject** 3.45 Enterprise policy, inter-company cooperation 3.45.01 Company law 4.10 Social policy, social charter and protocol 4.15.12 Workers protection and rights, labour law 4.15.14 Social dialogue, social partners	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
EMPL Employment and Social Affairs	HOWITT Richard (S&D)	17/11/2011
	Shadow rapporteur BOULLAND Philippe (PPE) HIRSCH Nadja (ALDE) LAMBERT Jean (Verts/ALE) CABRNOCH Milan (ECR) MURPHY Paul (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	GRZYB Andrzej (PPE)	26/04/2012
DEVE Development	GRÈZE Catherine (Verts/ALE)	25/01/2012
INTA International Trade	LANGE Bernd (S&D)	10/10/2012
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

	CULT Culture and Education	LØKKEGAARD Morten (ALDE)	10/11/2011
	JURI Legal Affairs (Associated committee)	BALDASSARRE Raffaele (PPE)	30/05/2012
	FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Internal Market, Industry, Entrepreneurship and SMEs	TAJANI Antonio

Key events

Date	Event	Reference	Summary
25/10/2011	Non-legislative basic document published	COM(2011)0681	Summary
24/05/2012	Committee referral announced in Parliament		
24/05/2012	Referral to associated committees announced in Parliament		
24/01/2013	Vote in committee		
29/01/2013	Committee report tabled for plenary	A7-0023/2013	Summary
05/02/2013	Debate in Parliament		
06/02/2013	Decision by Parliament	T7-0050/2013	Summary
06/02/2013	Results of vote in Parliament		
06/02/2013	End of procedure in Parliament		

Technical information

Procedure reference	2012/2097(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	EMPL/7/09580

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE498.081	25/10/2012	
Amendments tabled in committee		PE501.896	30/11/2012	
Committee opinion	AFET	PE496.506	05/12/2012	
Committee opinion	INTA	PE497.943	18/12/2012	
Committee opinion	DEVE	PE498.150	18/12/2012	
Committee opinion	JURI	PE500.421	18/12/2012	
Committee opinion	CULT	PE497.788	19/12/2012	
Committee report tabled for plenary, single reading		A7-0023/2013	29/01/2013	Summary
Text adopted by Parliament, single reading		T7-0050/2013	06/02/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0681	25/10/2011	Summary
Commission response to text adopted in plenary	SP(2013)304	28/06/2013	

Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery

2012/2097(INI) - 29/01/2013 - Committee report tabled for plenary, single reading

The Committee on Employment and Social Affairs adopted the initiative report by Richard HOWITT (S&D, UK) on Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery.

The Committee on Legal Affairs, exercising its prerogatives of an associated committee in accordance with Rule 50 of Parliament's Rules of Procedure, was also consulted for an opinion on this report.

In this context, the two committees decided to work closely together to ensure that a cogent approach is taken in establishing Parliament's position on the renewed EU strategy 2011-2014 for corporate social responsibility (CSR). In view of their respective competences and responsibilities, the two committees decided to draft two distinct initiative reports. The parallel report focuses on corporate social responsibility: accountable, transparent and responsible business behaviour and sustainable growth [see 2012/2098(INI)].

Members recall that according to the European Sustainable Investment Forum, the global socially responsible investment market reached approximately EUR 7 trillion as of September 2010. This new context, however, has not yet been embraced by all companies because CSR practices are still largely confined to a minority of big companies. The motion for resolution stresses, in particular, **the need to involve SMEs in the CSR debate** and calls on the Commission to develop together with Member States' authorities and multilateral *fora*, forms of sectoral cooperation between SMEs which would enable them to collectively address social and environmental problems.

The evolving vision of CSR: in rejecting any minimalist vision of CSR that is confined to transparency, responsibility and accountability of financial markets alone, Members appeal to leading companies in the CSR field to serve as examples to their peers by using appropriate guidelines, in encouraging support from public authorities, by improving tools and incentive systems and promoting the increasing recognition within the business world of the extent of the global social and environmental challenges to be faced. Overall, Members support the Commission's intention to deepen CSR in Europe by producing **guidelines** and supporting **multi-stakeholder initiatives** for individual industrial sectors.

"Social" responsibility: Members consider that 'social responsibility' should also respect fundamental principles and rights such as those specified by the ILO. They believe that CSR includes social measures encompassing vocational training, work-life balance and appropriate working conditions. They agree with the Commission's analysis that CSR is increasingly important for a company's social licence to operate, given the incidence of social protest (e.g. the anti-globalisation and Occupy movements) They believe that the **EU itself must adopt CSR as its own 'social licence' to pursue trade and economic benefits with other countries and regions of the world**. They consider, in particular, that CSR must be a core part of the EU's trade policies.

Members, furthermore, emphasise that CSR will only be viable if the legal provisions in force and the **local tariff regulations** of the social partners are upheld. They note that, in assessing a company's social responsibility, account must be taken of the conduct of those companies forming part of its **supply chain** as well as that of **any subcontractors**.

Sustainable recovery: Members call on the Commission and the Member States to help businesses, in cooperation with workers' representatives, to become involved in CSR. They call on businesses to consider initiatives aimed at **preserving and creating jobs**, especially for young people and women, in all areas of activity with special regard to those affected by multiple disadvantages, as well as the creation of new employment models. They call on the Commission to undertake a major analysis of the social impact of the crisis on these initiatives, in view of the fact that CSR actions benefit not only society, but also the image of businesses themselves.

Multi-stakeholder approaches: Members strongly commend the emphasis given in the Commission communication to strengthening and implementing international standards and the OECD Guidelines. They encourage the Member States to draw inspiration from the guidelines contained in the ISO 26000 standard and the Global Reporting Initiative guidelines. They call for **greater policy coherence** to be established at EU level. In this regard, they call for impact assessments of legislative proposals for potential incoherence with the UN Guiding Principles.

Several other measures are proposed, in particular in the **military field** in order to arrive at the agreement of an international regulatory framework on the regulation, monitoring and oversight of the activities of private military and security companies. Likewise, Members call on the Commission to put forward proposals for better facilitating access to justice in EU courts for the most extreme, egregious cases of human or labour rights violations by **European-based businesses or their subsidiaries**, subcontractors or business partners. The Commission is also invited to ensure that the topic of CSR and human rights features among the priorities of individual financial instruments for the 2014-2020 period.

Public policies for CSR: Members believe that notwithstanding the handbook on social procurement, that the **EU itself has been too constrained in this area.** They express concern, however, that a wide range of public policy measures has yet to yield significant visible impact in advancing CSR. They call for there to be greater research into, and evaluation of, public policy measures relating to CSR at the European level. They also call for the Commission itself to lead by example as a responsible employer by publishing its own CSR report.

Socially responsible investment: Members consider support the Commission in bringing forward a proposal on **non-financial disclosure** by business based on a wide-ranging public consultation. This proposal would give the EU the opportunity to recommend that European businesses apply the UN Guiding Principles on Business and Human Rights and the UN Global Compact. It should be flexible and not create excessive administrative burdens and expense, particularly for businesses with fewer than 500 employees.

Members note that beneficiaries of long-term investors, such as **pension funds,** have an interest in sustainable returns and in responsible corporate behaviour.

Taking CSR forward: lastly, Members calls on the Commission to treat unions and staff representatives as partners in dialogue in connection with CSR-related topics, alongside businesses and other stakeholders. All CSR policies should include specific measures to tackle the unlawful practice of blacklisting workers and denying them access to employment, often **due to their trade union membership and activities**. Members insist that any enterprise that is found to be blacklisting workers or breaching human rights and labour standards should be excluded from receiving EU grants and funding.

Believing that the notion that CSR is a 'luxury good' supported by business only in times of prosperity has been decisively refuted, Members conclude that the Commission should take further initiatives that aim to unlock and strengthen 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.

Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery

2012/2097(INI) - 06/02/2013 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery.

Parliament states that there has been a sea-change in the investment community, with 1 123 investors (representing USD 32 trillion in total assets under management) endorsing the UN Principles of Responsible Investment (UNPRI). In addition, the European Sustainable Investment Forum estimates that the global socially responsible investment market reached approximately EUR 7 trillion as of September 2010. This new context, however, has not yet been embraced by all companies because CSR practices are still largely confined to a minority of big companies.

The resolution stresses, in particular, **the need to involve SMEs in the CSR debate** and calls on the Commission to develop together with Member States' authorities and multilateral *fora*, forms of sectoral cooperation between SMEs which would enable them to collectively address social and environmental problems. Parliament also notes the need to engage SMEs in the debate on CSR, many of which adopt it on the basis of a more

informal and intuitive approach. The resolution warns that businesses can only be sustainable in the future if they exist within a sustainable economy, and that there can be no alternative to adaptation to a low-carbon future, which also encompasses the preservation of the world's social and natural capital, a process in which CSR must play a decisive role.

The evolving vision of CSR: in rejecting any minimalist vision of CSR that is confined to transparency, responsibility and accountability of financial markets alone, Members appeal to leading companies in the CSR field to serve as examples to their peers by using appropriate guidelines, in encouraging support from public authorities, by improving tools and incentive systems and promoting the increasing recognition within the business world of the extent of the global social and environmental challenges to be faced. Overall, Members support the Commission's intention to deepen CSR in Europe by producing **guidelines** and supporting **multi-stakeholder initiatives** for individual industrial sectors.

Corporate "Social" responsibility: Parliament considers that 'social responsibility' should also respect fundamental principles and rights such as those specified by the ILO. It believes that CSR includes social measures encompassing vocational training, work-life balance and appropriate working conditions. On the other hand and contrary to the position of the committee responsible, Plenary rejected the idea that CSR is increasingly important for a company's social licence to operate, given the incidence of social protest (e.g. the anti-globalisation and Occupy movements). It also opposed the idea that the EU itself must adopt CSR as its own 'social licence' to pursue trade and economic benefits with other countries and regions of the world.

Members do however consider that CSR must be a core part of the EU's trade policies. They emphasise that CSR will only be viable if the legal provisions in force and the **local tariff regulations** of the social partners are upheld. They note that, in assessing a company's social responsibility, account must be taken of the conduct of those companies forming part of its **supply chain** as well as that of **any subcontractors**.

Sustainable recovery: Parliament calls on the Commission and the Member States to help businesses, in cooperation with workers' representatives, to become involved in CSR. It calls on businesses to consider initiatives aimed at **preserving and creating jobs**, especially for young people and women, in all areas of activity with special regard to those affected by multiple disadvantages, as well as the creation of new employment models. Members call on the Commission to undertake a major analysis of the social impact of the crisis on these initiatives, in view of the fact that CSR actions benefit not only society, but also the image of businesses themselves.

Parliament points out that, particularly in times of crisis, companies operating in accordance with CSR principles should help to develop the innovative capacities of their region by introducing innovative and environmentally friendly technological solutions.

Multi-stakeholder approaches: Members strongly commend the emphasis given in the Commission communication to strengthening and implementing international standards and the OECD Guidelines. They encourage the Member States to draw inspiration from the guidelines contained in the ISO 26000 standard and the Global Reporting Initiative guidelines. They call for **greater policy coherence** to be established at EU level. In this regard, they call for impact assessments of legislative proposals for potential incoherence with the UN Guiding Principles. They insist that each of the 27 Member States must accelerate the revision of its national action plan on CSR, and the development of national plans implementing the relevant OECD Guidelines and UN Guiding Principles, which should be finalised by December 2013 at the latest.

Several other measures are proposed, in particular in the **military field** in order to arrive at the agreement of an international regulatory framework on the regulation, monitoring and oversight of the activities of private military and security companies. Likewise, Members call on the Commission to put forward proposals for better facilitating access to justice in EU courts for the most extreme, egregious cases of human or labour rights violations by **European-based businesses or their subsidiaries**, subcontractors or business partners. The Commission is also invited to ensure that the topic of CSR and human rights features among the priorities of individual financial instruments for the 2014-2020 period.

On an international front, Parliament believes that CSR can be an important tool to help the EU support the implementation of International Labour Organisation (ILO) conventions internationally. It calls on the Commission to support European organisations and social partners seeking to undertake pilot projects in accordance with the OECD Guidelines and other international CSR standards with a view to building capacity in third countries. It calls for a system of transnational legal cooperation to be set up between the EU and third-country signatories to bilateral trade agreements in order to ensure that victims of breaches of social or environmental legislation, or of failures to honour CSR undertakings, by multinationals and their immediate subsidiaries have effective access to justice in the country where the breach took place and in support of the establishment of international judicial procedures to ensure, where necessary, that breaches of the law by companies are punished.

Public policies for CSR: Parliament believes that notwithstanding the handbook on social procurement, that the **EU itself has been too constrained in this area.** It expresses concern, however, that a wide range of public policy measures has yet to yield significant visible impact in advancing CSR. Members call for there to be greater research into, and evaluation of, public policy measures relating to CSR at the European level. They also call for the Commission itself to lead by example as a responsible employer by publishing its own CSR report.

Furthermore, Parliament considers it essential that the Commission develop as soon as possible the announced common methodology for the measurement of environmental performance based on life-cycle cost. It believes that such a methodology would be useful in terms of both the transparency of company information and the assessment by the authorities of companies' environmental performance.

Socially responsible investment: Parliament considers support the Commission in bringing forward a proposal on **non-financial disclosure** by business based on a wide-ranging public consultation. This proposal would give the EU the opportunity to recommend that European businesses apply the UN Guiding Principles on Business and Human Rights and the UN Global Compact. It should be flexible and not create excessive administrative burdens and expense.

CSR on a voluntary or regulatory basis? : Parliament reiterates that CSR should be applicable to all enterprises so as to create a fair and level playing field. However, it points out that the way in which extractive industries operate in developing countries requires a move beyond a voluntary approach. It stresses that investment by the petroleum industry in Nigeria is a good example of the limitations of CSR as currently implemented, where companies have failed to take CSR initiatives to create sustainable business practices or contribute to the development of their host states. Members strongly support the legislative proposal for country-by-country reporting founded on the standards of the Extractive Industries Transparency Initiative (EITI) and reporting on sales and profits, as well as taxes and revenues, in order to discourage corruption and prevent tax avoidance. They call on the European

extractive industries operating in developing countries to set an example of social responsibility and the promotion of decent work. Similary measures are called for for businesses working in the mineral extractive sector in conflict zones.

Taking CSR forward: lastly, Members call on the Commission to treat unions and staff representatives as partners in dialogue in connection with CSR-related topics, alongside businesses and other stakeholders. All CSR policies should include specific measures to tackle the unlawful practice of blacklisting workers and denying them access to employment, often **due to their trade union membership and activities**. Members insist that any enterprise that is found to be blacklisting workers or breaching human rights and labour standards should be excluded from receiving EU grants and funding.

Believing that the notion that CSR is a 'luxury good' supported by business only in times of prosperity has been decisively refuted, Parliament concludes that the Commission should take further initiatives that aim to unlock and strengthen 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.

It should be noted that a parallel resolution on accountable, transparent and responsible business behaviour and sustainable growth in the framework of CSR was adopted on the same day [see 2012/2098(INI)].

Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery

2012/2097(INI) - 25/10/2011 - Non-legislative basic document

PURPOSE: to present a renewed EU strategy 2011-14 for Corporate Social Responsibility

BACKGROUND: the European Commission has previously defined Corporate Social Responsibility (CSR) in its 2001 Green Paper as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

The Commission details the progress made since its Green Paper and a business-lead initiative called the European Alliance for CSR. Indicators of progress include:

- the number of EU enterprises that have signed up to the ten CSR principles of the United Nations Global Compact has risen from 600 in 2006 to over 1 900 in 2011;
- the number of organisations with sites registered under the Environmental Management and Audit Scheme (EMAS) has risen from 3 300 in 2006 to over 4 600 in 2011;
- the number of EU companies signing transnational company agreements with global or European workers' organisations, covering issues such as labour standards, rose from 79 in 2006 to over 140 in 2011.

In spite of this progress, important challenges remain. **Many companies in the EU have not yet fully integrated social and environmental concerns into their operations and core strategy**. Accusations persist of the involvement of a small minority of European enterprises in human rights harm and failure to respect core labour standards. Only 15 out of 27 EU Member States have national policy frameworks to promote CSR. The Commission has identified a number of factors that will help to further increase the impact of its CSR policy, including the need to better clarify what is expected of enterprises, and the need to promote market reward for responsible business conduct, including through investment policy and public procurement.

The Council and the European Parliament in its resolutions of 2007, and 2011 have called on the Commission to further develop its CSR policy. Furthermore, in the Europe 2020 Strategy, the Commission made a commitment to renew the EU strategy to promote Corporate Social Responsibility. In the Single Market Act it stated that it would adopt a new communication on CSR by the end of 2011.

The **economic crisis and its social consequences** have to some extent damaged consumer confidence and levels of trust in business. They have focused public attention on the social and ethical performance of enterprises. By renewing efforts to promote CSR now, the Commission aims to create conditions favourable to sustainable growth, responsible business behaviour and durable employment generation in the medium and long term.

CONTENT : the Commission presents **a modern understanding of CSR**, including an updated definition, and a new agenda for action. The main features are as follows:

Definition: the Commission puts forward a new definition of CSR as "**the responsibility of enterprises for their impacts on society**". Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to **integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy** in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.

The complexity of that process will depend on factors such as the size of the enterprise and the nature of its operations. For most small and medium-sized enterprises, especially microenterprises, the CSR process is likely to remain informal and intuitive.

The new definition is **consistent with internationally recognised CSR principles** and guidelines, such as the OECD Guidelines for Multinational Enterprises, the ISO 26000 Guidance Standard on Social Responsibility and the United Nations Guiding Principles on Business and Human Rights.

Agenda for action: the new CSR policy puts forward an action agenda for the period 2011-2014 covering 8 areas. This agenda contains commitments from the Commission itself, as well as suggestions for enterprises, Member States, and other stakeholder groups. In implementing this agenda, the Commission will at all times take account the particular characteristics of SMEs, especially their limited resources, and avoid creating unnecessary administrative burdens.

Enhancing the visibility of CSR and disseminating good practices: by giving public recognition to what enterprises do in the field of CSR, the EU can help to disseminate good practice, foster peer learning, and encourage more enterprises to develop their own strategic approaches to CSR.

The Commission intends to:

- create in 2013 **multi stakeholder CSR platforms** in a number of relevant industrial sectors, for enterprises, their workers and other stakeholders to make public commitments on the CSR issues relevant to each sector and jointly monitor progress;
- launch from 2012 onwards **a European award scheme** for CSR partnerships between enterprises and other stakeholders.

Improving and tracking levels of trust in business*:* there is frequently a gap between citizens' expectations and what they perceive to be the reality of business behaviour. This gap is caused partly by instances of irresponsible behaviour by some enterprises, as well as by cases of some enterprises exaggerating their environmental or social credentials. The Commission intends to:

- address the issue of **misleading marketing** related to the environmental impacts of products (so-called "green-washing") in the context of the report on the application of the Unfair Commercial Practices Directive, and consider the need for possible specific measures on this issue;
- initiate an **open debate** with citizens, enterprises and other stakeholders on the role and potential of business in the 21st century, with the aim of encouraging common understanding and expectations, and carry out periodic surveys of citizen trust in business and attitudes towards CSR.

Improving self- and co-regulation processes*:* the Commission will launch a process in 2012 with enterprises and other stakeholders to develop a code of good practice for self- and co-regulation exercises, which should improve the effectiveness of the CSR process.

Enhancing market reward for CSR**:** this means leveraging EU policies in the fields of consumption, investment and public procurement in order to promote market reward for responsible business conduct. The Commission will:

- facilitate the better integration of social and environmental considerations into public procurement as part of the 2011 review of the Public Procurement Directives, without introducing additional administrative burdens for contracting authorities or enterprises, and without undermining the principle of awarding contracts to the most economically advantageous tender;
- consider a requirement on all investment funds and financial institutions to inform all their clients (citizens, enterprises, public authorities etc.) about any ethical or responsible investment criteria they apply or any standards and codes to which they adhere.

Improving company disclosure of social and environmental information: one source estimates that about 2,500 European companies publish CSR or sustainability reports, which puts the EU in a position of global leadership. However this is still only a small fraction of the 42,000 large companies operating in the EU. In order to ensure a level playing field, the Commission will present a **legislative proposal on the transparency of the social and environmental information provided by companies in all sectors.**

Further integrating CSR into education, training and research: the Commission will explore opportunities for **financing further research and innovation on CSR**, and supporting CSR principles and guidelines in research funded still under the 7th Framework Programme, as well as under its successor, Horizon 2020, and in building the European Research Area. It intends to provide **further financial support for education and training projects on CSR under the EU Lifelong Learning and Youth in Action Programmes**, and launch an action in 2012 to raise the awareness of education professionals and enterprises on the importance of cooperation on CSR.

Emphasising the importance of national and sub-national CSR policies: the Commission intends to create with Member States in 2012 a **peer review mechanism** for national CSR policies. It invites Member States to develop by mid 2012 their own plans or national lists of priority actions to promote CSR in support of the Europe 2020 strategy, with reference to internationally recognised CSR principles and guidelines and in cooperation with enterprises and other stakeholders, taking account of the issues raised in this communication.

Better aligning European and global approaches to CSR: the EU should promote European interests in international CSR policy developments, while at the same time ensuring the integration of internationally recognised principles and guidelines into its own CSR policies. The Commission intends to monitor the commitments made by European enterprises with more than 1 000 employees to take account of internationally recognised CSR principles and guidelines, and take account of the ISO 26000 Guidance Standard on Social Responsibility in its own operations. Furthermore, it invites all large European enterprises to make a commitment by 2014 to take account of at least one of the following sets of principles and guidelines when developing their approach to CSR: the UN Global Compact, the OECD Guidelines for Multinational Enterprises, or the ISO 26000 Guidance Standard on Social Responsibility.

The report further notes that improving **the coherence of EU policies relevant with business and human rights** is a critical challenge. The Commission intends to:

- work with enterprises and stakeholders in 2012 to develop **human rights guidance for a limited number of relevant industrial sectors**, as well as guidance for small and medium-sized enterprises, based on the UN Guiding Principles on Business and Human Rights.
- publish by the end of 2012 a report on EU priorities in the implementation of the UN Guiding Principles, and thereafter to issue periodic progress reports.

Lastly, it invites EU Member States to develop by the end of 2012 national plans for the implementation of the UN Guiding Principles.