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*Committee on Foreign Affairs*

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**2012/2098(INI)**

5.12.2012

# **OPINION**

of the Committee on Foreign Affairs

for the Committee on Legal Affairs

on Corporate Social Responsibility: accountable, transparent and responsible  
business behaviour and sustainable growth  
(2012/2098(INI))

Rapporteur: Andrzej Grzyb

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## SUGGESTIONS

The Committee on Foreign Affairs calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the fact that the new definition established in the Commission communication of 25 October 2011 on Corporate Social Responsibility (CSR) emphasises that compliance with applicable legislation and with collective agreements is a prerequisite for responsible action, and specifies the framework required for corporate responsibility by demanding that ‘social, environmental, ethical, human rights and consumer concerns’ are integrated into the operations and core strategy of businesses in close collaboration with their stakeholders; reiterates that CSR must also extend to enterprises’ behaviour towards and in third countries;
2. Welcomes the efforts of the European Union and its Member States to align their policies with the OECD Guidelines for Multinational Enterprises, updated in 2011, and with the UN Guiding Principles on Business and Human Rights<sup>1</sup>, and stresses that these efforts, particularly in the area of global business activities, do not yet amount to a thorough commitment to respecting and reviewing relevant environmental, social and human rights standards;
3. Stresses the importance of assessing an enterprise’s compliance with social responsibility requirements throughout the supply chain; considers it vital to have effective and transparent indicators with which to assess the precise impact of an enterprise’s activities from a systemic point of view;
4. Insists 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 at the latest by December 2013; considers that the Member States should ensure that these plans are drafted with the participation of all relevant stakeholders, including NGOs, civil society, trade unions, employers’ organisations and national human rights institutions (NHRI); calls on the EU to facilitate learning from the experience of those Member States which are currently undergoing this process; encourages the Member States to draw inspiration from the guidelines contained in the ISO 26000 standard, the most recent version of the Global Reporting Initiative guidelines, and the guidance developed by the European Group of National Human Rights Institutions;
5. Emphasises that the CSR of enterprises both within the EU and in third countries should also be extended to areas such as the organisation of work, the quality of employment, equal opportunities, social inclusion, combating discrimination and continuing training;
6. Calls for greater policy coherence to be established at EU level by bringing public procurement, export credit, good governance, competition, development, trade,

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<sup>1</sup> United Nations Human Rights Council, 17th Session, 21 March 2011, Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie: ‘Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework’ (A/HRC/17/31) (referred to hereinafter as the ‘UN Guiding Principles’).

investment and other policies and agreements into conformity with the international human rights, social and environmental standards laid down in the relevant OECD and UN guidelines and principles; calls, in this connection, for cooperation with bodies representing employees, employers and consumers while drawing on relevant NHRI advice, such as the submission of the European Group of National Human Rights Institutions to the Commission on human rights and procurement; calls for meaningful and adequate impact assessments of legislative proposals for potential incoherence with the UN Guiding Principles, and insists on coordination with the UN Working Group on Business and Human Rights in order to avoid disparate and inconsistent interpretations of those Guiding Principles; recalls, while recognising the significance of the UN human rights framework for CSR, the importance of the Charter of Fundamental Rights of the European Union, including Article 16 thereof, which guarantees the fundamental right to conduct a business, a right that should be duly taken into account and serve as a reference to support CSR policies in the EU; underlines the importance of balancing the freedom to conduct business with other rights guaranteed by the Charter, as well as with internationally recognised CSR principles and guidelines; welcomes, in this connection, the efforts of the European Union Agency for Fundamental Rights (FRA) to collect evidence and expertise concerning the existence and interpretation of the freedom to conduct business;

7. Commits itself to continuing to raise consistently its expectation that EU institutions and officials, including the EU Special Representative on Human Rights and the country- and region-specific EU Special Representatives, make efforts to advance social, environmental and human rights standards in all EU external relations and actions; calls on the Commission and the Member States to conduct fundamental rights impact assessments prior to the conclusion of, and during the evaluation of, multilateral and bilateral trade and investment agreements and when allocating development aid, and to ensure that these rights are respected;
8. Recognises that Paris Principles-aligned NHRIs are well placed to provide support for the implementation of the UN Guiding Principles and to facilitate, and even ensure, access to remedies; calls on the EU and its Member States to recognise NHRIs alongside enterprises and bodies representing employees, employers and consumers as key partners in advancing the human rights and business agenda, developing linkages between business, the state and civil society and promoting internationally recognised social, environmental and human rights standards and guidelines; calls, in this context, on the Member States to strengthen and, where necessary, broaden the mandates of the NHRIs to make them more effective, or, where no Paris Principles-aligned NHRI is in place, to take steps to establish one, and for the EU to develop appropriate strategic support; commits itself to establishing a regular annual exchange of views with NHRIs in the framework of the LIBE and/or DROI committees, building on the experience of the DROI committee's exchange of views on the 'EU and Eastern Partnership Ombudsmen 2011 Summit', and to complement such exchanges with targeted workshops on human rights and business;
9. Welcomes the adoption by the International Labour Organisation on 14 June 2012 of Recommendation No 202 concerning national floors for social protection; undertakes to place the human rights and CSR issue on the agenda for forthcoming EU meetings with third countries, especially those with which the EU has a special relationship; calls for CSR to be incorporated into the EU's contractual relations with third countries and

requests, if necessary, that translations of the UN Guiding Principles be carried out using the capacity of the EP or of other EU institutions;

10. Calls for the EU, and in particular the Commission, to ensure that financial instruments, including the European Instrument for Democracy and Human Rights (EIDHR), see the Paris Principles-compliant NHRIs as key partners in achieving their objectives, and support them in making effective use of their unique position and human rights expertise to create space for dialogue between the various stakeholders, including state authorities, civil society and business, and, to that end:
  - (1) to ensure that the topic of CSR and human rights features among the priorities of individual financial instruments under the new multiannual financial framework (MFF) for the 2014-2020 period; and
  - (2) to develop specific support under the EIDHR for training and overall capacity-building in the area of CSR and human rights for civil society organisations, NHRIs, human rights defenders, trade unions and other human rights organisations;
11. Insists that, in order to ensure that the implementation of the new EU CSR strategy promotes the interests of society in all its diversity, respect for human rights, and a route to sustainable and inclusive recovery and progress, EU guidance on the disclosure of non-financial information (including environmental, social, and governance information) by companies must ensure transparency by providing a clear, unambiguous, common and predetermined framework making specific reference to human rights which is fully aligned with the OECD and UN guidelines and principles and based on objective indicators referring to: equality between women and men, including issues such as the gender pay gap and the proportion of women in senior posts; youth wages; the possibility for workers to join trade unions and conduct collective bargaining; effective guarantees of safety at work; and disability;
12. Calls on the EU to address internal capacity and expertise gaps by implementing substantial training programmes on human rights and business across all EU institutions and policy areas;
13. Reiterates its calls for the EU and its Member States to improve the enforcement of existing laws addressing CSR and human rights concerns, and to develop further solutions aimed at establishing a level playing field for domestic and third countries' business enterprises in order to combat social dumping;
14. Calls for human rights and supply chain due diligence standards at EU level which, among other things, meet the requirements laid down in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and address, among other issues, areas with significant potential negative or positive impact on human rights such as global and local supply chains, conflict minerals, outsourcing, land grabbing and regions where labour law and workers' protection are insufficient or where products that are dangerous for the environment and health are produced; welcomes the programmes already set up by the EU, in particular the Forest Law Enforcement, Government and Trade (FLEGT) programmes in the field of forestry, and supports private initiatives such as the Extractive Industries Transparency Initiative (EITI);

15. Requests that where the EU or its Member States are partners of business (e.g. in the context of public procurement, state-owned enterprises, joint ventures, export credit guarantees and large-scale projects in third countries), consistency with the OECD and UN guidelines and principles should be a priority which is reflected in specific clauses carrying consequences for companies that blatantly violate social, environmental and human rights standards; recommends that the envisaged 'EU Platform for External Cooperation and Development' plays a part in the determination of modalities meant to improve the quality and efficiency of EU external cooperation, blending mechanisms and financial instruments, as well as a role in promoting cooperation and coordination among the EU, the financial institutions and other stakeholders in this field;
16. Stresses the importance of the UN 'Protect, Respect and Remedy' framework and considers that its three pillars – the state's responsibility to protect against human rights violations, businesses' responsibility to respect human rights, and the need for more effective access to remedies – should be supported by appropriate measures to enable their implementation;
17. Emphasises that, given the size of their share of international trade, European companies and their subsidiaries and subcontractors play a key role in the promotion and dissemination of social and labour standards worldwide; acknowledges that grievances against EU companies operating abroad are often more usefully solved in situ; commends the OECD National Contact Points as state-based non-legal mechanisms that can mediate over a broad range of business and human rights disputes; calls, however, for a greater effort by companies in developing grievance mechanisms aligned with the effectiveness criteria set out in the UN Guiding Principles, and for further authoritative guidance to be sought in internationally recognised principles and guidelines, in particular the recently updated OECD Guidelines for Multinational Enterprises, the 10 principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy;
18. Welcomes the Commission's intention to amend the private international law provisions contained in the Brussels I Regulation, and in particular the introduction of the principle of 'forum necessitatis'; stresses the need further to develop effective access to remedies for victims of human rights violations resulting from corporate operations outside the EU, through reforms of the Brussels I and Rome II Regulations; calls for effective measures to remove existing obstacles to justice, such as inordinate litigation costs, by means of initiatives such as the development of minimum standards for collective redress and solutions to the problem of 'separate legal personality' for companies;
19. Calls for the development of more effective transparency and accountability standards for EU technology companies in connection with the export of technologies that can be used to violate human rights or to act against the EU's security interests;
20. Welcomes the Commission's wish to address the issue of CSR in the context of enlargement; is disappointed, nevertheless, that this issue is not specifically addressed in the accession negotiations with candidate countries or mentioned in the Commission communication of 10 October 2012 entitled 'Enlargement Strategy and Main Challenges 2012-2013' (COM(2012)0600);

21. Welcomes the Commission's intention to work towards establishing global advocacy, international guidelines and complementary legislation to ensure that EU businesses have a positive impact in foreign societies; notes that businesses' positive impact in foreign societies can be assessed in terms of, among other things, local people's access to resources, their food sovereignty and the endogenous development of those societies;
22. Calls for the implementation of the 'know your end user' principle in order to prevent human rights violations up or down stream in a production or market flow.

## RESULT OF FINAL VOTE IN COMMITTEE

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| <b>Date adopted</b>   | 3.12.2012  |
| <b>Result of final vote</b>                                       | +:                   42<br>-:                    1<br>0:                    2  |
| <b>Members present for the final vote</b>                         | Sir Robert Atkins, Arnaud Danjean, Marietta Giannakou, Andrzej Grzyb, Anna Ibrisagic, Liisa Jaakonsaari, Anneli Jäätteenmäki, Jelko Kacin, Tunne Kelam, Nicole Kiil-Nielsen, Evgeni Kirilov, Maria Eleni Koppa, Andrey Kovatchev, Paweł Robert Kowal, Eduard Kukan, Alexander Graf Lambsdorff, Krzysztof Lisek, Mario Mauro, Francisco José Millán Mon, María Muñoz De Urquiza, Annemie Neyts-Uyttebroeck, Raimon Obiols, Ria Oomen-Ruijten, Pier Antonio Panzeri, Alojz Peterle, Bernd Posselt, Cristian Dan Preda, Tokia Saïfi, José Ignacio Salafranca Sánchez-Neyra, Jacek Saryusz-Wolski, György Schöpflin, Werner Schulz, Marek Siwiec, Charles Tannock, Kristian Vigenin, Sir Graham Watson |
| <b>Substitute(s) present for the final vote</b>                   | Laima Liucija Andrikiienė, Marije Cornelissen, Elisabeth Jeggle, Agnès Le Brun, Marietje Schaake, Helmut Scholz  |
| <b>Substitute(s) under Rule 187(2) present for the final vote</b> | Lara Comi, Danuta Jazłowiecka, Giovanni La Via   |