

EUROPEAN PARLIAMENT

2004



2009

Session document

FINAL
A6-0471/2006

20.12.2006

REPORT

on corporate social responsibility: a new partnership
(2006/2133(INI))

Committee on Employment and Social Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on corporate social responsibility: a new partnership (2006/2133(INI))

The European Parliament,

- having regard to the two most authoritative internationally agreed standards for corporate conduct: the International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the OECD's "Guidelines for Multinational Enterprises", and to codes of conduct agreed under the aegis of international organisations such as the FAO, the World Health Organization and the World Bank and efforts under the auspices of UNCTAD with regard to the activities of enterprises in developing countries,
- having regard to the ILO Declaration on Fundamental Principles and Rights at Work, 18 June 1998, and its agreement of universal core labour standards: Abolition of forced labour (Conventions 29 and 105), Freedom of association and the right to collective bargaining (Conventions 87 and 98), Abolition of child labour (Convention 138 and Convention 182), and non-discrimination in employment (Conventions 100 and 111),
- having regard to the United Nations Universal Declaration of Human Rights and in particular its article where every individual and every organ of society is called upon to play its part in securing universal observance of human rights, the 1966 International Covenant on Civil and Political Rights, the 1966 Covenant on Economic, Social and Cultural Rights, the 1979 Convention of the Elimination of All Forms of Discrimination Against Women, the 1994 Draft United Nations Declaration on the Rights of Indigenous Peoples, 1989 UN Convention on the Rights of the Child,
- having regard to the OECD Anti-Bribery Convention (1997),
- having regard to the Global Reporting Initiative (GRI) incepted in 1997¹, and the updated G3 Sustainability Reporting Guidelines, released on 5 October 2006,
- having regard to the United Nations Global Compact launched in September 2000,
- having regard to the announcement on 9 October 2006 by the UN Global Compact and the Global Reporting Initiative that they have formed a "strategic alliance",
- having regard to the Draft UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (December 2003),
- having regard to the outcome of the 2002 UN World Summit on Sustainable Development in Johannesburg, in particular the call for intergovernmental initiatives on the question of corporate accountability and the Council conclusions of 3 December 2002 on the follow-up to the Summit,

¹ www.globalreporting.org

- having regard to the UN Secretary General's report about the work of the Global Compact Group "Towards global partnerships - Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector", 10 August 2005 (05-45706 (E) 020905),
- having regard to the appointment of a Special Representative of the United Nations Secretary-General for Business and Human Rights, to his interim report of 22 February 2006 (E/CN.4/2006/97), and the regional consultations he held in Bangkok in June 26-27, 2006 and Johannesburg in 27-28 March 2006,
- having regard to its resolution of 15 January 1999 on EU standards for European Enterprises operating in developing countries: towards a European Code of Conduct¹, recommending the creation of a European Model Code of Conduct supported by a European Monitoring Platform,
- having regard to the 1968 Brussels Convention as consolidated in Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters²,
- having regard to Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001 allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS)³,
- having regard to the Council Resolution of 3 December 2001 on the follow-up to the Green Paper on corporate social responsibility⁴,
- having regard to its resolution of 30 May 2002 on the Commission Green Paper on promoting a European framework for corporate social responsibility⁵,
- having regard to its resolution of 13 May 2003 concerning Corporate Social Responsibility: A business contribution to Sustainable Development⁶,
- having regard to the Commission Recommendation of 30 May 2001 on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies (notified under document number C(2001)1495)⁷,
- having regard to its resolution of 4 July 2002 on the Commission Communication to the Council, the European Parliament and the Economic and Social Committee entitled "Promoting Core Labour Standards and Improving Social Governance in the context of Globalisation"⁸,

¹ OJ C 104, 14.4.1999, p. 180.

² OJ L 12, 16.1.2001, p. 1.

³ OJ L 114, 24.4.2001, p. 1.

⁴ OJ C 86, 10.4.2002, p. 3.

⁵ OJ C 187 E, 7.8.2003, p. 180.

⁶ OJ C 67 E, 17.3.2004, p. 73.

⁷ OJ L 156, 13.6.2001, p. 33.

⁸ OJ C 271 E, 12.11.2003, p. 598.

- having regard to the Council Resolution of 6 February 2003 on corporate social responsibility¹,
- having regard to the Commission Communication "Governance and development" (COM(2003)0615),
- having regard to Directive 2003/51/EC of the European Parliament and of the Council on the annual consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings²,
- having regard to Directive 2004/18/EC of the European Parliament and of the Council on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts³,
- having regard to the final report and recommendations of the European Multi Stakeholder Forum on CSR of 29 June 2004, including recommendation 7 supporting action to achieve the right legal framework,
- having regard to the Commission Communication "The Social Dimension of Globalisation - the EU's policy contribution on extending the benefits to all" (COM(2004)0383),
- having regard to Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market, amending Council Directive 84/450/EEC on misleading advertising, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive')⁴,
- having regard to the European Council of 22 and 23 March 2005 which re-launched the Lisbon strategy focusing this partnership between the EU and Member States on "Working together for growth and jobs",
- having regard to its resolution of 5 July 2005 on exploitation and child labour in developing countries⁵,
- having regard to the Commission Communication on the review of the Sustainable Development Strategy - A platform for action (COM(2005)0658), and the renewed EU Sustainable Development Strategy adopted by Council on 9 July 2006,
- having regard to the European Consensus on Development, signed by the Commission, Council and European Parliament on 20 December 2005,

¹ OJ C 39, 18.2.2003, p. 3.

² OJ L 178, 17.7.2003, p. 16.

³ OJ L 134, 30.4.2004, p. 114.

⁴ OJ L 149, 11.6.2005, p. 22.

⁵ OJ C 157 E, 6.7.2006, p. 84.

- having regard to the new General System of Preferences (GSP+), in force since 1 January 2006 which grants duty-free access or a tariff reduction for an increased number of products and also includes a new incentive for vulnerable countries faced with specific trade, financial or development needs,
 - having regard to the Commission Communication "Promoting decent work for all - the EU contribution to the implementation of the decent work agenda in the world" (COM(2006)0249),
 - having regard to the Green Paper on the European Transparency Initiative, 3 May 2006,
 - having regard to its resolution of 6 July 2006 on Fair Trade and Development¹,
 - having regard to the Commission Communication "Modernising Company Law and Enhancing Corporate Governance in the European Union - A Plan to Move Forward" (EU Action Plan on Corporate Governance) (COM(2003)0284),
 - having regard to the Hearing "Corporate Social Responsibility - is there a European approach?" organised by the European Parliament on 5 October 2006,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Industry, Research and Energy and the Committee on Women's Rights and Gender Equality (A6-0471/2006),
- A. whereas companies cannot be a substitute for public authorities when the latter fail to exercise control over compliance with social and environmental standards,
1. Is convinced that increasing social and environmental responsibility by business, linked to the principle of corporate accountability, represents an essential element of the European Social Model, of Europe's strategy for Sustainable Development and in meeting the social challenges of economic globalisation;
 2. Welcomes the Commission Communication in enabling new impetus to the EU debate on corporate social responsibility (CSR) but notes the concerns expressed by some key stakeholders about a lack of transparency and balance in the consultation undertaken before publication;
 3. Recognises that an open debate remains between different stakeholder groups on an appropriate definition of CSR and that the concept of "beyond compliance" may enable some companies to claim social responsibility whilst at the same time not respecting local or international laws; believes that EU assistance to governments of third countries in implementing social and environmental regulation consistent with international conventions, together with effective inspection regimes, are a necessary complement to advancing the CSR of European business worldwide;

¹ *Texts Adopted*, 6.7.2006, P6_TA(2006)0320.

4. Believes that CSR policies should be promoted on their own merits, neither as a substitute for appropriate regulation in relevant fields, nor as a covert approach to introducing such legislation; calls for the CSR debate at the European level to be 'depolarised' by neither supporting exclusively voluntary nor mandatory approaches; reiterating an essentially voluntary approach but enabling - without obligation - research based on clear social and environmental objectives and without excluding further dialogue and research on binding commitments;
5. Notes that the proliferation of voluntary CSR initiatives could be perceived as an obstacle to more companies adopting CSR policies, particularly small enterprises, as well as a disincentive for companies to pursue more credible CSR actions, whilst at the same time demonstrating the importance given to it, and the need to create incentives for more ambitious CSR policies; calls on the Commission to encourage dissemination of the good practice resulting from voluntary CSR initiatives; believes that the Commission should also consider establishing a list of criteria for enterprises to respect if they claim to be responsible;
6. Believes that the credibility of voluntary CSR initiatives is further dependent on a commitment to incorporating existing internationally agreed standards and principles, and on a multi-stakeholder approach, as recommended by the EU Multistakeholder Forum (MSF), as well as on the application of independent monitoring and verification; recommends the creation of such a mechanism at European level;
7. Believes that the EU debate on CSR has 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;
8. Recognises that many companies already make a large and growing effort to live up to their social responsibility;
9. Notes that markets and companies are at different stages of development across Europe; considers therefore that a one-size-fits-all method that seeks to impose a single model for corporate behaviour is not relevant and will not lead to meaningful uptake of CSR by companies; considers furthermore that 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 which is long-lasting and of relevance to the particular national or regional context;
10. Points out that CSR should tackle new areas such as lifelong learning, the organisation of work, equal opportunities, social inclusion, sustainable development and ethics, so as to act as an additional instrument for managing industrial change and restructuring;

The EU debate on CSR

11. Notes the Commission's decision to set up a European Alliance for Corporate Social Responsibility in partnership with several business networks; recommends that the Commission itself should ensure a single point of coordination to maintain an awareness of the Alliance's membership and activities, as well as agreeing clear objectives,

timetables and strategic vision to inform its work; encourages European companies and companies operating in Europe, large and small, to embrace this initiative, and for the Alliance to be enhanced through the participation of other stakeholders;

12. Believes that social dialogue has been an effective means of promoting CSR initiatives and that European works councils have also played a constructive role in developing best practice in relation to CSR;
13. Suggests that a substantial increase in uptake of CSR practices amongst EU companies, the development of new models of best practice by genuine leaders amongst companies and trade union bodies of companies in different aspects of CSR, the identification and promotion of specific EU action and regulation to support CSR, and the assessment of the impact of such initiatives on the environment and on human and social rights could comprise the Alliance's core benchmarks of success; and that a deadline of two years be set for completion of the work of the 'laboratories' set up under its umbrella as suggested by CSR Europe;
14. Notes that reconvening the EU Multistakeholder Forum was a late addition to the Communication, and that measures need to be taken to build the confidence of different stakeholders that a genuine dialogue will take place leading to a real impact of EU policies and programmes to incentivise and apply CSR in EU business; believes that lessons should be learnt in relation to the two years that the MSF previously operated, positive in terms of the "no fame, no shame" rule and in particular the use of independent rapporteurs; points out, however, that improvements are needed in relation to consensus-building; also urges the case for Commission representatives to engage more actively in the debate;
15. Calls on the Commission 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;
16. Backs efforts by the Commission to extend membership of the MSF to include investors, the education sector and public authorities, whilst insisting there must remain the opportunity for sustained dialogue to achieve agreed goals;
17. Calls on the Commission to encourage, in the monitoring of progress on CSR, greater female participation in the Multi-Stakeholder Forum and the exchange of information and good practices in the field of gender equality;
18. Supports calls for mandatory disclosure for corporate and other lobbyists and for balanced access between business groupings and other stakeholder groups towards EU policy-making itself;

The link between CSR and competitiveness

19. Welcomes the Communication's objective to link CSR to the economic, social and environmental aims of the Lisbon Agenda, precisely because it considers that a serious approach to CSR by companies may contribute both to increasing job numbers and

improving working conditions and ensuring respect for workers' rights and promoting research - and development of technological innovations; supports the principle of "responsible competitiveness" as an integral part of the Commission's Programme for Innovation and Competitiveness; challenges European companies to include in their reporting how they are contributing to the Lisbon goals;

20. Recognises that effective competition rules, inside and outside Europe, are an essential element of ensuring responsible business practice, in particular by enabling fair treatment and access for locally-based SMEs;
21. Reiterates that the implementation, within CSR, of responsible and non-discriminatory recruitment practices that promote the employment of women and disadvantaged persons contribute to the achievement of the Lisbon objectives;
22. Notes a contradiction between competitive sourcing strategies by companies seeking continuous improvements in flexibility and cost, and voluntary CSR commitments seeking to avoid exploitative employment practices and promote long-term relationships with suppliers; welcomes further dialogue on this point;
23. Suggests, in this connection, that the assessments and monitoring of European companies acknowledged as being responsible be extended to cover their activities and those of their subcontractors outside the European Union, as well, so as to be sure that CSR also benefits third countries and especially developing countries, in accordance with the ILO conventions concerning, in particular, the freedom to form trade unions, the ban on child labour and that on forced labour, and more specifically women, migrants, indigenous peoples and minority groups;
24. Recognises CSR as an important business driver and calls for the integration of social policies, such as respect for workers' rights, a fair wages policy, the avoidance of discrimination, lifelong learning, etc., and environmental issues focusing particularly on the dynamic promotion of sustainable development, both in support for new products and processes through EU innovation and trade policies, as well as in drawing up sector, sub-regional and city-based competitiveness strategies;
25. Emphasises that undertakings demonstrating social responsibility make an important contribution towards redressing the inequalities that affect particularly women and disadvantaged persons, including disabled people, on the job market, not least as regards access to employment, welfare benefits, training, career development and a fair wages policy; emphasises that undertakings should conduct their recruitment policy in accordance with Council Directive 76/207/EEC of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions¹;

CSR Instruments

26. Welcomes the trend for larger companies to publish voluntary social and environmental reports in recent years; notes that the number of such reports had been rising since 1993

¹ OJ L 39, 14.2.1976, p. 40. Directive amended by Directive 2002/73/EC (OJ L 269, 5.10.2002, p. 15).

but has now become fairly static and that only a minority use internationally accepted standards and principles, cover the company's full supply chain or involve independent monitoring and verification;

27. Reiterates Parliament's support for integrated social, environmental and financial reporting by companies backed by regulation, perhaps with a minimum threshold to avoid disproportionate cost for smaller enterprises; calls for in-depth research on implementation of minimum requirements for social and environmental reporting within the 2001 Commission Recommendation on Environmental Disclosure, the 2003 Accounts Modernisation Directive, and the 2003 Prospectus Directive, supporting effective transposition across all Member States, and undertaking consultation on the potential for strengthening these requirements when they are next reviewed, including interpretations of the materiality of social and environmental risk under existing disclosure requirements;
28. Recognises the current limitations of the CSR 'industry' in relation to corporate behaviour measurement, social audit and certification, especially in relation to cost, comparability and independence, and believes that it will be necessary to develop a professional framework including specific qualifications in this field;
29. Recommends that the Commission extends the responsibility of directors of companies with more than 1000 employees to encompass the duty for the directors themselves to minimise any harmful social and environmental impact of companies' activities;
30. Reiterates its support for the EU Eco-Management and Audit Scheme, in particular its requirement for external verification and the obligation on Member States to promote the scheme, and believes there is scope to develop similar schemes concerning the protection of labour, social and human rights;
31. Supports the Code of Good Practice of the International Social and Environmental Accreditation and Labelling Alliance, as a leading example of promoting collaboration between existing labelling initiatives, in preference to the creation of new social labels at the national or European level;
32. Believes that consumers, customers, employees and investors must have the opportunity to select or reject products/suppliers, jobs and companies depending on whether they are more or less responsible in terms of the environment and social conditions;
33. Urges the EU to adopt a European standard for product labelling where observance of human rights and fundamental workers' rights are part of the labelling scheme;
34. Calls on the Commission to implement a mechanism by which victims, including third-country nationals, can seek redress against European companies in the national courts of the Member States;
35. Notes the omission of the issue of Socially Responsible Investment from the Communication, backs full participation by investors as stakeholders in the CSR debate at the EU level including in the MSF, supports industry calls for transparency rather than prescription through the introduction of EU-wide "statement of interest principles" for investment funds;

36. Points out that consumers play an important part when it is a question of creating incentives for responsible production and responsible business practice; however, believes that the situation is at present impenetrable for consumers on account of confusion between the different national product standards and product labelling schemes, all of which is helping to undermine the existing social product labels; draws attention to the fact that, at the same time, considerable costs are incurred by companies when switching between many different national requirements and standards; also points out that it is expensive to set up monitoring mechanisms to oversee social product labelling, particularly for smaller countries;
37. Calls on the Commission to regulate joint and several liability on the part of general or principal undertakings in order to deal with abuses in the subcontracting and outsourcing of workers and to set up a transparent and competitive internal market for all companies;
38. Supports the efforts of Eurostat to develop indicators to measure performance on CSR in the context of the EU Sustainable Development Strategy as well as the Commission's intention to develop new indicators in order to measure awareness and the consumption of EU eco-labelled products and the share of production from EMAS-registered enterprises;
39. Recalls 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; invites further reflection on this and similar proposals in the future;

Better Regulation and CSR

40. Believes that CSR policies can be enhanced by better awareness and implementation of existing legal instruments; calls on the Commission to organise and promote awareness campaigns and monitor the implementation of the application of foreign direct liability according to the Brussels Convention, and on the application of the directives on misleading advertising and unfair commercial practices to adherence by companies to their voluntary CSR codes of conduct;
41. Reiterates the need to use simple, easily understandable language so as to encourage companies to promote CSR;
42. Restates that major efforts should be undertaken by the Commission and EU governments at national, regional and local level to use the opportunities provided by the revision of the Public Procurement Directives in 2004 to support CSR by applying social and environmental clauses to their contracts, to disqualify companies where necessary including in instances of corruption; and for the Commission, the European Investment Bank and the European Bank of Reconstruction and Development to apply strict social and environmental criteria to all grants and loans allocated to private sector companies, backed by clear complaints mechanisms; building on the example linking public procurement and compliance with the ILO Core Conventions and OECD Guidelines in the Netherlands and with the SA8000 CSR standard by several Italian provinces; recalls that 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;

43. Reiterates that good regulation and legislation has been developed in the field of soft law, and that such legislation offers incentives to companies who comply with CSR principles, while allowing companies that have not yet signed up to CSR principles the necessary time to adapt;

Mainstreaming CSR in EU policies and programmes

44. Welcomes the commitments repeated in the Communication for the Commission to support and promote CSR across all of its fields of activity and calls for a major effort to translate these commitments into concrete actions across the board;

45. Believes that the CSR debate must not be separated from questions of corporate accountability, and that issues of the social and environmental impact of business, relations with stakeholders, the protection of minority shareholders' rights and the duties of company directors in this regard should be fully integrated in the Commission's Corporate Governance Action Plan; points out that these issues should form part of the debate on CSR; asks the Commission to take these particular points into consideration and to come forward with firm proposals to address them;

46. Welcomes direct financial support for CSR initiatives from the Commission, in particular to encourage innovation, enable stakeholder involvement and to assist potential victims' groups in relation to alleged malpractice including corporate manslaughter; encourages the Commission to develop, in particular, mechanisms that ensure that communities affected by European companies are entitled to a fair and accessible justice process; underlines the importance of the B34000 EU-budget line for pilot projects such as those involving Employee Community Engagement, hypothecated funds to support CSR within the Commission's Competitiveness and Innovation Programme, and for 3 % of Social Science and Humanities research to be devoted to business in society under the FP7 Research and Development Programme; calls for far 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;

47. Welcomes the commitment to make Education one of eight priority action areas, calls for a deeper integration of CSR in the Socrates programme, the provision of a broad range of CSR materials in the future European Teaching Resource Centre, and the creation of a European online directory of business schools and universities on CSR and sustainable development;

48. Encourages initiatives at EU and Member State level to improve the teaching of responsible management and production in Europe's business schools;

49. Points out that social and environmental responsibility accords to governmental and non-governmental organisations as much as business, and calls on the Commission to fulfil its commitment to publish an annual report on 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;

50. Considers that, as part of CSR, companies could sponsor cultural and educational activities that offered added value to European policies in the field of culture and lifelong learning;
51. Calls on the Commission to better integrate CSR in its trade policies, whilst respecting WTO rules and not creating unjustified trade barriers, by seeking to introduce provisions in all bilateral, regional or multilateral agreements binding articles in compliance with internationally agreed CSR standards such as the OECD Guidelines, ILO Tripartite Declaration and Rio Principles, as well as reservation of regulatory powers on issues of human rights, social and environmental responsibility; welcomes the support given to these objectives in the Communication on Decent Work; repeats its call for Commission Delegations in third countries, acting within the Commission's competence, to promote and act as contact points in relation to the OECD Guidelines on Multinational Enterprise; calls on the Commission and Member States to improve the functioning of National Contact Points in particular in dealing with specific instances raised concerning alleged violations throughout operations and supply chains of European companies worldwide;
52. Notes the contribution made by the international fair trade movement in pioneering responsible business practices for sixty years and proving that such practices are viable and sustainable throughout the supply chain; calls on the Commission to take the experience of the fair trade movement into account and to explore systematically how this experience can be used in the context of CSR;
53. Asks the Commission to make sure that EU-based transnational companies with production facilities in third countries, in particular those participating in the GSP+ scheme, abide by core ILO standards, social and environmental covenants and international agreements to achieve a world-wide balance between economic growth and higher social and environmental standards;
54. Welcomes the commitment of the European Consensus on Development to support CSR as a priority action; calls for practical action for DG Development to play an active role in the debate, to examine working conditions and conditions in using natural resources in the developing world, to work with domestic enterprises as well as the overseas operations of EU companies, sub-contracting enterprises and their stakeholders, to tackle abuse and malpractice in supply chains, to combat poverty and to create equitable growth;
55. Suggests that the Commission targets the participation of SMEs in CSR through joint working with intermediary bodies, offering specific support for the participation of cooperatives/social economy businesses through their specialist associations, uses the network of European Information Centres to directly promote CSR initiatives and considers the appointment of a CSR Envoy similar to the SME Envoy within DG Enterprise;
56. Recommends that the Commission conduct an in-depth Europe-wide study on the different ways in which SMEs might participate in CSR and on the incentives for them to adopt CSR principles on a voluntary individual basis, and that it learn the proper lessons from the experience acquired and good practice in this area;

57. Welcomes the Communication's commitment to enhance the participation of employees and their trade unions in CSR and reiterates its call for the Commission and social partners to build on the successful negotiation of now 50 International Framework Agreements and 30 European Framework Agreements in relation to mainly core labour standards for individual companies or sectors as one approach to developing corporate responsibility in Europe and the world; refers to the European works councils which are specially suited to promoting CSR and, in particular, to advancing fundamental workers' rights in multinational companies;
58. Stresses the importance of the role of the social partners in promoting women's employment and combating discrimination; encourages them to take initiatives, within a CSR framework, to encourage increased participation by women in company boards, works councils and social dialogue bodies;
59. Recommends that future CSR research goes beyond the simple 'business case' for CSR, to focus on the link between competitiveness and sustainable development, at the macro level (the EU and Member States), the meso level (industry sectors and supply chains) and the micro level (SMEs), and the interrelationship between them, as well as the impact of current CSR initiatives and possible violations of CSR principles; supports the leading role played by the European Academy of Business in Society in this respect; calls on the Commission 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;

Europe's contribution to Global Corporate Social Responsibility

60. Believes that the potential impact of CSR policies remains greatest in relation to companies' global supply chains, to enable responsible investment by companies to assist the fight against poverty in developing countries, to promote decent working conditions, to support principles of fair trade and good governance, as well as reducing the incidence of breaches of international standards, including labour standards, by corporations in countries where regulatory regimes are weak or non-existent;
61. Calls on the Commission to launch specific research into that impact and to put forward proposals to increase responsible investment by firms and their responsibility;
62. Recognises that a number of international CSR initiatives are more deeply-rooted and have attained a new maturity, including the recent publication of 'G3' guidelines by the Global Reporting Initiative, the removal of 200 companies by UN Global Compact and the appointment of a Special Representative of the UN Secretary-General for Business and Human Rights;
63. Calls on the Commission to take a lead as regards global calls for the reform of company law, as the fundamental requirement for genuine, mainstreamed CSR;
64. Expresses disappointment that the Commission did not accord greater priority to promoting global initiatives within its Communication, and calls on the Commission working with Member States and stakeholders to both develop a strategic vision and input

to the development of CSR initiatives at the global level, as well as a major effort to significantly raise participation in such initiatives by EU companies;

65. Calls on the Member States and Commission to support and promote respect for the core standards of the International Labour Organization (ILO) as a factor in the corporate social responsibility (CSR) of undertakings in the areas in which they operate;
66. Believes that the international dimension of CSR should be a stimulus for guidelines to be drawn up promoting the development of policies of this kind throughout the world;
67. Calls on the Commission, working with other relevant partners, 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;
68. Calls on the Commission to build on the success of the Transatlantic Business Dialogue on CSR in the 1990s, by organising a similar exercise between the EU and Japan;
69. Encourages the further development of international initiatives for full revenue transparency by European companies on their activities in third countries, to uphold full respect for human rights in their operations in conflict zones and to reject lobbying including 'host-country agreements' drawn up by companies to undermine or evade the regulatory requirements in such countries;
70. Calls on the Commission and Member States to contribute to supporting and strengthening the OECD Guidelines, in particular by conducting a review of the effectiveness of European national contact points (NCPs) and their role in effectively mediating between stakeholders to resolve conflicts; calls for the development of a model for European NCPs with best practice on their institutional set-up, visibility, accessibility for all stakeholders and handling of complaints; calls for a broad interpretation of the definition of investment in the application of the OECD Guidelines to ensure supply-chain issues are covered under implementation procedures;
71. Calls for support for the development of the Global Reporting Initiative by inviting leading EU companies to participate in new sectoral approaches covering such areas as construction, chemicals and agriculture; to foster research on participation by SMEs, to enable outreach work particularly in central and eastern European countries, and to develop sustainability indices in conjunction with stock exchanges in emerging markets;
72. Calls on the Commission to include in future cooperation agreements with developing countries chapters on research, monitoring and help to remediate social, human and environmental problems in operations and supply chain of EU-based companies in third countries;
73. Welcomes in principle the discussions taking place in the International Standards Organisation on creating a standard for social responsibility and calls on European representation to ensure any outcome is consistent with international standards and agreements, and with the opportunity to develop parallel methods of external assessment and certification;

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74. Instructs its President to forward this resolution to the Council, the Commission and all institutions and organisations named within it.

EXPLANATORY STATEMENT

Corporate Social Responsibility represents business taking more direct responsibility for managing its social and environmental impact, becoming more openly accountable not simply to employees and their trade unions, but also to wider 'stakeholders' including investors, consumers, local communities, environmental and other interest groups.

The rise of CSR can be seen as a response to scandals over the past two decades, involving mainly American corporations, as well as a direct response from within and outside the business community to engage directly in meeting challenges such as climate change, social exclusion and world poverty that have become of increasing concern in an era of economic globalisation.

As Rapporteur, this is the third European Parliament report and resolution I have drafted on this subject since 1999. In meeting countless participants in the CSR "movement" I have been struck at how - at best - those involved carry an excitement and enthusiasm about confronting these challenges of a new era, creating a different vision for business in society, a willingness to take risks in forging new relationships beyond traditional boundaries, a genuine commitment to making a difference in a complex and difficult world. Amongst supporters and critics, there remain some who see CSR as essentially a public relations tool to evade or obstruct business responsibility for social or environmental problems. In addition there are many in the business community who practise CSR, but who do not relate to the jargon and apparatus associated with what has become an industry in its own right. Nevertheless CSR has proved it is neither a fad nor a fashion, with both business and political leaders recognising our own responsibility to move it forward.

The EU response to the CSR debate emanated from the Commission's call to business to help combat social exclusion in the mid 1990s, the European Parliament resolution of 1999 calling for a binding code of conduct to govern EU companies' environmental, labour and human rights compliance worldwide, together with the 2000 call of EU Heads of State for businesses to support CSR as part of the Lisbon Agenda.

The Commission Green and White Papers on CSR in the early 2000s put CSR on the agenda for EU institutions, and the setting up of a European Multistakeholder Forum enabled a genuine debate to take place amongst stakeholders, although one frequently frustrated by traditional assumptions and ways of working of social partners at the EU level. These processes succeeded in fostering an EU-wide debate on CSR, but largely failed to address what the EU could itself do to 'add value' to the debate, or to take concrete actions to promote responsible business.

There followed successive delays by the Commission in publishing its response over two years, caused by an unwillingness to confront the fundamental polarisation between those amongst business and other stakeholders who want to see CSR subject to transparency requirements laid down through external verification and/or legislation with an explicit role for stakeholders, and those who want to see CSR as a business-only led exercise which should evolve without public policy input beyond speeches, press conferences and awards ceremonies.

The Commission ultimately decided to opt-out from the debate, producing a Communication firmly backing an anti-regulation approach. Commissioners held a series of private meetings with selected company representatives to negotiate on the text of the Communication, then described it as "agreed" by business, and only met personally with interested NGOs to discuss its contents following on from publication. The key Commission official responsible for CSR appears to have been moved from his job, perhaps to make way for this new 'consensus'. A leaked memo from the European employers organisation UNICE described the Communication as a "true success" because "concessions to other stakeholders... will have no real impact". This has cast doubt on the sincerity of a last-minute change to reconvene the CSR Multistakeholder Forum, and suggests the Commission may have allowed excessive corporate lobbying in contradiction to its own Transparency Initiative of November 2005.

The European Parliament therefore has some strategic choices to make in determining its response to the Communication.

Although it would be easy to damn the entire process, this would probably lead the EU to retreat from the CSR debate altogether, so how can it be made to work?

First, the "Alliance for Business" must itself achieve minimum levels of organisation and transparency that its company participants would themselves expect in any of their own business activities. Lessons should also be learnt from the procedural difficulties of the Multistakeholder Forum, and it should be able to research and dialogue regulatory responses in order to 'depolarize' the debate between voluntary and mandatory approaches.

The Commission should become a full participant in both sets of discussions, and a new focus for all actors should be recommendations for specific actions within EU policies and programmes to implement the different aspects of CSR.

The opportunity should be used to back mandatory requirements for corporate and other lobbyists in EU policy-making, to demonstrate our Parliament's commitment to inclusive, balanced and transparent debate.

The European Parliament should not reject the Commission's focus on the link between competitiveness and CSR, partly because it does offer new political visibility, and partly because in pursuing an anti-regulatory approach, the Commission has if anything underplayed the "value creation" approach to CSR driven by the business opportunities for developing new socially and environmentally innovative products and processes by EU companies.

However Parliament has to recognise that companies facing competitors who seek to adopt less rigorous CSR standards, small businesses who face multiple and contradictory demands from the companies they supply, investors and consumers who find the information on which they want to make ethical choices confused and uncertain - all mean we should reject the "anything goes" approach to CSR adopted by the Commission, and return to the concept of 'convergence' which they previously advocated. By backing an essentially voluntaristic approach, "picking winners" amongst CSR initiatives (although not individual companies), and rejecting "one size fits all", we can adopt an approach more relevant to today's debate, but which still carries large support within the business community itself.

To 'depolarize' our own debate on mandatory versus voluntary approaches, the European Parliament should confine itself to repeating our positions of 2002 and 2003 for a single piece of new legislation for integrated social, environmental and financial reporting by companies - at least for larger companies. No more, no less. It is the ultimate "appropriate regulation" simply requiring transparency, so that voluntary, market-based responses are enabled amongst potential company recruits, investors and consumers.

Rather than advocating additional new legislation beyond this, Parliament can instead advance the EU's promotion of CSR by utilising existing EU legislation, policies and programmes. The Communication shares these aims, but Parliament can help write some of the detail that the Commission chooses to avoid.

Companies are invited to address social and environmental impacts within the business reviews as part of three separate EU corporate governance regulations. We should call for major efforts to raise awareness of these provisions, support effective transposition throughout the EU and consult around issues of 'materiality' and other ways to strengthen these provisions in the future. There should be no artificial divide between CSR and issues of corporate accountability and governance.

Important and genuine EU-level initiatives are underway to promote CSR in full respect of internationally agreed standards and the multistakeholder approach and these should be supported. The draft resolution recommended to Parliament follows detailed discussions with CSR Europe, the European Social Investment Forum, the European Academy of Business in Society as well as many others.

The Commission itself is invited to both raise awareness and directly apply existing policies on misleading advertising, foreign direct liability and public procurement, including setting up an Alliance laboratory, to send a strong signal in favour of responsible business. This is entirely consistent with recommendation 7 of the Multistakeholder Forum, fully backed by the business representatives, in favour of "a legal framework... to allow companies who wish to go further through CSR, to benefit from this in the market place, both in the EU and globally".

On institutional responses, a case is made for establishing an EU ombudsman on CSR and for an 'Annual State of CSR' report, but Parliament is recommended against the "quick fix" of establishing a European social label which could suffer problems of credibility, in favour of increasing collaboration and consistency amongst existing labels - another example of convergence.

Finally, I want to suggest a way of converting a debate on CSR in the EU which has been too often characterised by disagreement, delay and suspicion - towards the one of excitement, enthusiasm and commitment which I described at the start.

The European Parliament could seek to shift the debate much more into the context of global CSR strategies. Companies are much more comfortable with this approach, in order to allay fears that EU action could put them at a disadvantage against international competitors. Trade unions are increasingly negotiating worldwide International Framework Agreements recognising the global markets in which EU companies operate. Activists recognise that the

biggest examples of violations of environmental, labour or human rights take place down the global supply chain of 'Northern' companies in 'Southern' developing country markets, and that the ultimate aim must be for a binding international convention on corporate accountability - as argued at the World Summit on Sustainable Development at Johannesburg.

The Commission should recognise that such an approach cannot mean opting-out from actions at the EU-level, and indeed provides a greater challenge of marshalling political opinion amongst Member States in favour of decisive action at the international level. The German, Portuguese and French EU Presidencies due in the next two years are all enthusiastic to undertake actions in this area, and Parliament should suggest that Europe 'leads' the international debate by convening an international conference to review and take forward the Johannesburg commitment for "inter-governmental initiatives on corporate accountability" to mark its fifth anniversary. I am also suggesting a bilateral EU-Japan dialogue in this field.

Such an approach also means concerted efforts to integrate CSR in the EU's development and trade policies, including fully operationalising the OECD Guidelines on Multinational Enterprise - promised but never fulfilled.

When the UN Special Representative on Business and Human Rights is openly considering regulatory responses to the CSR debate, the renowned Global Reporting Initiative arising from the UN Environmental Programmes is openly seeking convergence of CSR tools with business, when the UN Global Compact has removed 200 companies from its initiative for failing to abide by its requirements - the Commission will also be confronted by the reality that the "anything goes" approach of its Communication is both out-of-date and outmoded.

But if the European Parliament can succeed in writing a resolution which helps make effective and transparent the mechanisms for dialogue on CSR within the EU, in encouraging the Commission to make good its words by concrete actions which visibly demonstrate the 'value-added' of an EU approach within existing EU policies and programmes, and which at the same time stops Europe from falling behind the international CSR debate and instils some of the vision and spirit from the global CSR movement into our own discussions - then Europe's CSR debate can be put back on track.

29.11.2006

OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

for the Committee on Employment and Social Affairs

on corporate social responsibility: a new partnership
(2006/2133(INI))

Draftsman: Gunnar Hökmark

SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Stresses the role of corporate social responsibility (CSR) in contributing to sustainable development and the Lisbon Strategy as regards matters such as the more rational use of natural resources, better results from innovation, poverty reduction and greater respect for human rights;
2. Supports the initiative taken by the Commission to create a forum for dialogue with stakeholders between and across Member States that facilitates the exchange of best practice and raises awareness of CSR at European level; emphasises, nevertheless, that the Commission must not undertake initiatives to establish yet another redundant regulatory framework that brings rules that do not exist in the Member States into play;
3. Stresses that the involvement of companies in CSR activities should always be voluntary and should take into account the current state of development of the market in all of the Member States, as well as their business culture, compliance with the social partnership principle and political aspects; stresses also that CSR activities can not be a substitute for public sector activities where such measures are properly called for and must be independent of regulatory frameworks that apply to actors in the public sector;
4. Points out that CSR should tackle new areas such as lifelong learning, the organisation of work, equal opportunities, social inclusion, sustainable development and ethics, so as to act as an additional instrument for managing industrial change and restructuring;

5. Encourages companies to individually decide on benchmarks for CSR solutions; believes that CSR activities that do not emanate from within companies but are imposed from outside could have adverse effects on the willingness of companies to invest in and trade with other countries, particularly developing countries, and could thereby reduce the chances of economic development and efforts to eradicate poverty;
6. Highlights the importance of building trust and consensus and support for internationally accepted principles such as the OECD Guidelines for Multinational Enterprises, in view of the fact that there is no universally agreed measurement system for CSR activities;
7. Welcomes a dialogue that encourages companies to create a reasonable balance between ethical considerations, profit-making and competitiveness; rejects the notion that efforts to increase profits are inconsistent with ethical behaviour and acknowledges the benefits to welfare and sustainability derived from open and competitive markets; stresses the ethical and commercial responsibility never to violate basic human rights or freedoms, which all European businesses in their activities in third countries should bear; also recalls the positive effects European companies can have on local working conditions and the environment and the importance of the transfer of know-how and technology that follows foreign investments and business operations in host countries; also stresses the responsibility of companies involved as employers or concerned parties in third countries never to take advantage of the existing oppression of citizens; shares the view that consumers have an important role to play in the economy;
8. Believes that the international dimension of CSR should be a stimulus for guidelines to be drawn up promoting the development of policies of this kind throughout the world.

PROCEDURE

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|---|---|
| Title | Corporate social responsibility: a new partnership |
| Procedure number | 2006/2133(INI) |
| Committee responsible | EMPL |
| Opinion by Date announced in plenary | ITRE 15.6.2006 |
| Enhanced cooperation – date announced in plenary | |
| Drafts(wo)man Date appointed | Gunnar Hökmark 20.6.2006 |
| Previous drafts(wo)man | |
| Discussed in committee | 10.10.2006 28.11.2006 |
| Date adopted | 28.11.2006 |
| Result of final vote | +: 27 -: 1 0: 0 |
| Members present for the final vote | Jan Březina, Jerzy Buzek, Pilar del Castillo Vera, Giles Chichester, Den Dover, Adam Gierek, Norbert Glante, Umberto Guidoni, Fiona Hall, Rebecca Harms, Erna Hennicot-Schoepges, Romana Jordan Cizelj, Werner Langen, Eugenijus Maldeikis, Reino Paasilinna, Miloslav Ransdorf, Vladimír Remek, Teresa Riera Madurell, Mechtild Rothe, Paul Rübig, Andres Tarand, Catherine Trautmann, Nikolaos Vakalis, Alejo Vidal-Quadras, Dominique Vlasto |
| Substitute(s) present for the final vote | Pilar Ayuso, Gunnar Hökmark, Lambert van Nistelrooij |
| Substitute(s) under Rule 178(2) present for the final vote | |
| Comments (available in one language only) | |

27.11.2006

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

for the Committee on Employment and Social Affairs

on corporate social responsibility: a new partnership
(2006/2133(INI))

Draftswoman: Marie Panayotopoulos-Cassiotou

SUGGESTIONS

The Committee on Women's Rights and Gender Equality calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Calls on the Member States and Commission to support and promote respect for the core standards of the International Labour Organization (ILO) as a factor in the corporate social responsibility (CSR) of undertakings in the areas in which they operate;
2. Recalls the need to foster socially and ecologically responsible entrepreneurship in order to achieve the Millennium Development Goals; encourages the Commission and Member States to promote and make full use of women's potential in this sphere but considers that an undertaking will be socially responsible only if it respects all the rights of its workers;
3. Draws attention to the fundamental role which undertakings play as regards respect for the values underpinning the Union; encourages them to adopt appropriate and non-discriminatory recruitment practices with a view to promoting, in conformity with national and European legislation, the employment of women (raising the female employment rate to at least 60% in accordance with the Lisbon objectives) and disadvantaged persons, including disabled persons; calls on the Member States and the Commission to reward companies' good practice in this area, particularly by awarding prizes or other distinctions;
4. Calls for a responsible recruitment policy with regard to groups that are discriminated against or are socially disadvantaged, and for people whose work capacity is limited owing to disability;

5. Requests the Member States and the Commission to undertake to promote CSR in all European undertakings operating both within and outside the European Union; calls on the Commission to consider, as part of the work of the new Alliance on CSR, the creation a charter of good practice to which European companies could subscribe;
6. Emphasises that undertakings demonstrating social responsibility make an important contribution towards redressing the inequalities that affect particularly women and disadvantaged persons, including disabled people, on the job market, not least as regards access to employment, welfare benefits, training, career development and a fair wages policy; emphasises that undertakings should conduct their recruitment policy in accordance with Council Directive 76/207/EEC of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions¹;
7. Points out that socially responsible behaviour involves compliance with national and Community legislation on equality and non-discrimination in all the activities of companies, including with regard to relocation;
8. Stresses the importance of the role of the social partners in promoting women's employment and combating discrimination; encourages them to take initiatives, within a CSR framework, to encourage increased participation by women in company boards, works councils and social dialogue bodies;
9. Emphasises that CSR should involve the adoption of policies aimed at promoting a high-quality working environment, in conformity with national and European legislation, as well as enabling a better reconciliation of work and family life;
10. Considers that, as part of CSR, companies could sponsor cultural and educational activities that offered added value to European policies in the field of culture and lifelong learning;
11. Calls on the Commission to encourage, in the monitoring of progress on CSR, greater female participation in the Multi-Stakeholder Forum and the exchange of information and good practices in the field of gender equality;
12. Calls for a holistic understanding of CSR, since the social responsibility of an undertaking is not restricted to direct employment relationships but also embraces other areas of life.

¹ OJ L 39, 14.2.1976, p. 40. Directive amended by Directive 2002/73/EC (OJ L 269, 5.10.2002, p. 15).

PROCEDURE

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|---|--|
| Title | Corporate social responsibility: a new partnership |
| Procedure number | 2006/2133(INI) |
| Committee responsible | EMPL |
| Opinion by Date announced in plenary | FEMM 15.6.2006 |
| Enhanced cooperation – date announced in plenary | |
| Drafts(wo)man Date appointed | Marie Panayotopoulos-Cassiotou 11.7.2006 |
| Previous drafts(wo)man | |
| Discussed in committee | 5.10.2006 23.11.2006 |
| Date adopted | 23.11.2006 |
| Result of final vote | +: 15 -: 0 0: 0 |
| Members present for the final vote | Edit Bauer, Hiltrud Breyer, Ilda Figueiredo, Věra Flasarová, Zita Gurmai, Esther Herranz García, Livia Járóka, Pia Elda Locatelli, Marie Panayotopoulos-Cassiotou, Christa Prets, Eva-Britt Svensson, Britta Thomsen |
| Substitute(s) present for the final vote | Anna Hedh, Sophia in 't Veld, Heide Rühle |
| Substitute(s) under Rule 178(2) present for the final vote | |
| Comments (available in one language only) | ... |

PROCEDURE

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|---|--|-------------------|-------------------|-------------------|-------------------|
| Title | Corporate social responsibility: a new partnership | | | | |
| Procedure number | 2006/2133(INI) | | | | |
| Committee responsible Date authorisation announced in plenary | EMPL 15.6.2006 | | | | |
| Committee(s) asked for opinion(s) Date announced in plenary | DEVE 15.6.2006 | ECON 15.6.2006 | ITRE 15.6.2006 | IMCO 15.6.2006 | JURI 15.6.2006 |
| | FEMM 15.6.2006 | | | | |
| Not delivering opinion(s) Date of decision | DEVE 11.7.2006 | ECON 5.9.2006 | IMCO 4.9.2006 | JURI 11.9.2006 | |
| Enhanced cooperation Date announced in plenary | | | | | |
| Rapporteur(s) Date appointed | Richard Howitt 19.4.2006 | | | | |
| Previous rapporteur(s) | | | | | |
| Discussed in committee | 13.9.2006 | 4.10.2006 | 22.11.2006 | 18.12.2006 | |
| Date adopted | 19.12.2006 | | | | |
| Result of final vote | + 25 - 15 0 0 | | | | |
| Members present for the final vote | Jan Andersson, Roselyne Bachelot-Narquin, Emine Bozkurt, Philip Bushill-Matthews, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Luigi Cocilovo, Proinsias De Rossa, Harald Ettl, Carlo Fatuzzo, Ilda Figueiredo, Joel Hasse Ferreira, Roger Helmer, Stephen Hughes, Karin Jöns, Ona Juknevičienė, Sepp Kusstatscher, Jean Lambert, Raymond Langendries, Thomas Mann, Mario Mantovani, Csaba Óry, Siiri Oviir, Marie Panayotopoulos-Cassiotou, Jacek Protasiewicz, José Albino Silva Peneda, Kathy Sinnott, Jean Spautz, Struan Stevenson, Anne Van Lancker, Gabriele Zimmer | | | | |
| Substitute(s) present for the final vote | Udo Bullmann, Françoise Castex, Richard Howitt, Jamila Madeira, Claude Moraes, Roberto Musacchio, Elisabeth Schroedter, Patrizia Toia | | | | |
| Substitute(s) under Rule 178(2) present for the final vote | Jean-Pierre Audy | | | | |
| Date tabled | 20.12.2006 | | | | |
| Comments (available in one language only) | | | | | |