



EUROPEAN PARLIAMENT

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Committee on Development

2012/2097(INI)

6.12.2012

OPINION

of the Committee on Development

for the Committee on Employment and Social Affairs

on Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery
(2012/2097(INI))

Rapporteur: Catherine Grèze

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SUGGESTIONS

The Committee on Development 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. Notes that owing to the heterogeneity of the concept of Corporate Social Responsibility (CSR), with different companies having developed different standards on accounting, auditing and reporting, levels of CSR are hard to compare; emphasises that internationally agreed regulation in the context of CSR would create trust and fairness in business relations and have the benefits of certainty, progressive enforceability, universality and stakeholder empowerment;
2. Agrees with the Commission that CSR must cover human rights, labour and employment practices, environmental issues (such as biodiversity, climate change, resource efficiency) and combating bribery and corruption, i.e. through good tax governance (namely transparency, exchange of information and fair tax competition);
3. Points out that CSR covers a wide range of social standards on which very little focus is placed owing to a failure to establish indicators with which to measure progress on social issues;
4. Stresses that it should be easy for investors and consumers to identify firms which have made a commitment to CSR, as this would encourage those firms in their efforts;
5. Highlights the need for the EU to look at the possibility of introducing appropriate marks or labels to be used alongside the names, or on the products, of firms that have made a commitment to CSR, so as to make them easy to identify;
6. Points out that CSR is the best tool for companies to show their commitment, solidarity and responsibility towards society, and that it is also essential to achieving the objective of policy coherence for development (PCD); welcomes the Commission's commitment to promote CSR in full consistency with current international guidelines, including 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, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights; regrets, however, that the language of CSR is mostly voluntary;
7. Deplores the lack of information for SMEs on the global compact under which businesses can commit to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption;
8. Stresses that the UN Global Compact and the ISO 26000 standards are not properly suited to the needs of SMEs, which makes the whole idea of CSR less effective within the EU;
9. Draws attention to the need for thought to be given at both EU and national levels to how tax incentives might be used to promote CSR more widely among firms;

10. Emphasises that, as a purely voluntary commitment, CSR may be insufficient to deal with externalities resulting from the operations of multinationals, including human rights violations and environmental degradation; reiterates its call for foreign investors and companies operating in developing countries to fully comply with international legally binding obligations regarding human rights as well as environmental and ILO core labour standards as well as UN Guiding Principles on Business and Human Rights; calls for CSR policies also to include specific measures to tackle the unlawful practice of blacklisting workers and denying them access to employment, often owing to their trade union membership and activities or to roles as health and safety representatives;
11. Highlights the fact that companies should be encouraged to implement CSR practices, and that companies which have already implemented such practices should be encouraged to pursue the goals of CSR; asks the Commission to consider incentives, such as prioritising in EU public procurement contracts, so that companies see CSR as an opportunity and not as a threat;
12. Stresses that CSR should result in clear commitments to respecting the rights, protection and wellbeing of workers with performance indicators and clear benchmarks to measure improvements, and that provision should be made for objective, inclusive and transparent monitoring and effective accountability and enforcement mechanisms for dealing with non-compliance, including a more open and clear procedure for filing and considering complaints and for initiating investigations where necessary;
13. Reiterates that CSR should be applicable to all enterprises so as to create a fair and equal playing field; however, points out that the way in which extractive industries operate in developing countries requires a move beyond a voluntary approach; 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; strongly supports the legislative proposal for country-by-country reporting founded on the standards of the Extractive Industries Transparency Initiative (EITI), reporting on sales and profits, as well as taxes and revenues, in order to discourage corruption and prevent tax avoidance; calls on European extractive industries operating in developing countries to set an example of social responsibility and the promotion of decent work;
14. Calls on the Commission to 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;
15. Stresses that CSR should apply to the entire global supply chain, including all levels of sub-contracting and, whether in the supply of goods, workers or services, that it should include provisions to extend protection to migrant, agency and posted workers and that it should be based on fair pay and decent working conditions and guarantee trade union rights and freedoms; takes the view that the concept of Responsible Supply Chain Management needs to be further elaborated as a mechanism for delivering CSR;
16. Takes the view that, in order to have a real impact on poverty reduction, the CSR agenda should also focus on SMEs, as their cumulative social and environmental impact is significant;

17. Considers that EU companies should be legally liable and that different kinds of accountability and liability mechanisms should be implemented between them and their subsidiaries and the entities they control in developing countries; welcomes, furthermore, the work done by EU civil society, which has been actively engaged in raising awareness about violations committed by these companies abroad;
18. Insists that it is the duty of the state to protect against violations of human and labour rights, including by businesses, to hold companies accountable, to uphold freedom of association and collective bargaining rights, and to provide access to justice for victims; calls on the Commission to provide effective measures to operationalise the UN Protect, Respect and Remedy Framework put forward by John Ruggie, the UN Special Representative on Business and Human Rights;
19. Stresses that better implementation of the UN Guiding Principles on Business and Human Rights will contribute to EU objectives regarding specific human rights issues and core labour standards; therefore calls on the EU to strive for a clear international legal framework concerning the responsibilities and obligations of business with regard to human rights;
20. Welcomes the fact that the number of companies disclosing information on their environmental, social and governance (ESG) performance has grown significantly in recent years; points out, however, that reporting companies still constitute only a small share of global business; notes that, while the EU Accounts Modernisation Directive (2003/51/EC)¹ ensures a minimum level of disclosure of both financial and non-financial key performance indicators, it does not stipulate any requirements in relation to the type of indicators to be included in annual reports; calls on the Commission to investigate further possible measures to strengthen disclosure of ESG information at European level;
21. Stresses that EU assistance to third-country governments in implementing social and environmental regulation and effective inspection regimes is a necessary complement to advancing the CSR of European business worldwide;
22. Stresses that Socially Responsible Investment (SRI) is part of the implementation process of CSR in investment decisions; notes that although there is currently no universal definition of SRI, it usually combines investors' financial objectives with their concerns about social, environmental, ethical and corporate governance issues;
23. Urges the EU and its Member States to take further policy initiatives that aim to raise awareness and strengthen the development of SRI, for example by considering a legal formulation of an SRI minimum standards setting, especially within the scope of the EU's investment and trade agreements with developing countries;
24. Notes that CSR is a mechanism with which employers can support their workers and local communities in developing countries and that it can ensure gains are equitably shared to develop sustainable economic and social prosperity and lift more people out of poverty, especially in times of financial crisis; regrets that protocols for social intervention are currently only voluntary and urges the Commission to make these binding;

¹ OJ L 178, 17.7.2003, p. 16.

25. Calls for full and active consultation and involvement of representative organisations, including trade unions, in the development, operation and monitoring of companies' CSR processes and structures, including through the ongoing development of workers' skills and qualifications through training and lifelong learning, working with employers in a genuine partnership approach.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	6.12.2012
Result of final vote	+: 23 -: 1 0: 2
Members present for the final vote	Thijs Berman, Michael Cashman, Nirj Deva, Leonidas Donskis, Charles Goerens, Catherine Grèze, Eva Joly, Filip Kaczmarek, Miguel Angel Martínez Martínez, Gay Mitchell, Norbert Neuser, Bill Newton Dunn, Birgit Schnieber-Jastram, Michèle Striffler, Alf Svensson, Keith Taylor, Patrice Tirolien, Ivo Vajgl, Daniël van der Stoep, Anna Záborská, Iva Zanicchi
Substitute(s) present for the final vote	Enrique Guerrero Salom, Cristian Dan Preda
Substitute(s) under Rule 187(2) present for the final vote	Ioan Enciu, Emilio Menéndez del Valle, Helmut Scholz