



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Employment and Social Affairs

2012/2098(INI)

15.1.2013

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Legal Affairs

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

Rapporteur (*): Richard Howitt

(*) Procedure with associated committees – Rule 50 of the Rules of Procedure

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SUGGESTIONS

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

1. Underlines that the current global economic crisis arose from fundamental errors with respect to transparency, accountability, responsibility and from short-termism, and that the EU has a duty to ensure that these lessons are learnt by all; welcomes the Commission's intention to conduct Eurobarometer surveys on trust in business; calls for the results of these surveys to be fully debated and acted on by all stakeholders; strongly advocates corporate social responsibility (CSR), and takes the view that CSR – if implemented correctly and practised by all companies, not only larger firms – can make a great contribution towards restoring lost confidence, which is necessary for a sustainable economic recovery, and can mitigate the social consequences of the economic crisis; notes that when business assumes a responsibility for society, the environment and employees, a win-win situation is created that serves to broaden the basis of trust necessary for economic success; takes the view that making CSR part of a sustainable business strategy is in the interest of businesses and of society as a whole; points out that many businesses – especially small and medium-sized enterprises (SMEs) – are setting an outstanding example in this field;
2. Believes that while co-regulation and self-regulation cannot be substitutes for appropriate sectoral regulation where such is needed, for instance with regard to social and environmental requirements, labour and employment practices, human rights, or in any of the areas covered by CSR, it could underpin existing private and voluntary CSR initiatives by establishing minimum principles, thereby ensuring consistency, materiality, multi-stakeholder input and transparency, and by facilitating the creation of environmental and social rating agencies specialised in CSR; stresses that any form of CSR based on self-regulation and self-organisation of the market must include provision for 'access to remedy' in line with 'pillar three' of the United Nations Guiding Principles on Business and Human Rights; notes, at the same time, that public administrations should provide support by creating appropriate conditions – and providing appropriate tools and instruments, such as an incentive system – for CSR cooperation; believes that the philanthropic activities of businesses should, as a matter of principle, be voluntary;
3. Considers it vital that measures be taken to ensure that services are procured in an appropriate manner, and that principles of fair competition are respected in the single market; suggests, therefore, that social criteria, along with ILO clauses, are introduced in the award of contracts, as an essential condition and with the utmost transparency, thereby safeguarding the beneficial social value of CSR activity; underscores that this may also encourage the pursuit of more appropriate and effective CSR activity within industrial sectors;
4. Rejects the notion that small businesses are less responsible than large ones simply because they do not have a separate CSR infrastructure; believes that, in order to take account of the needs of small businesses, sensible thresholds must be established in any new CSR-related legislative proposals that comes forward; calls, nevertheless, for

European action to build on the experiences of Italy, relying on regional chambers of commerce, and of France, centred on its savings banks (Cordé Initiative), to cluster small businesses by locality or sector, in order to build awareness of, and visibility for, the contribution of small businesses;

5. Welcomes the Commission's intention to launch a 'Community of Practice' on CSR and social action on the part of business; believes that this must be complementary to a code of good practice for co-regulation and self-regulation, allowing all stakeholders to engage in a common learning process in order to improve and strengthen the efficiency and accountability of multi-stakeholder actions;
6. Is of the opinion that the transparency and credibility of CSR actions could be ensured if minimum standards were established; notes that minimum standards in this area should, in any event, cover the involvement of employee representatives and trade unions, along with that of other stakeholders, as regards content, enforcement, monitoring, the involvement of the value chain, and the independent review of compliance with self-imposed obligations;
7. Endorses the Commission's intention to bring forward a proposal on 'non-financial disclosure' by businesses which will enable the EU to encourage European businesses to apply the UN Guiding Principles on Business and Human Rights¹ and the UN Global Compact; welcomes the fact that this proposal is based on a wide-ranging public consultation as well as on a series of workshops with relevant stakeholders; stresses that use of the term 'non-financial' should not disguise the real financial consequences for businesses in terms of social, environmental and human rights impacts; points out that the impact of business action and social involvement can also be measured in financial terms; calls for a proposal which places the EU at the heart of the many current international initiatives on corporate sustainability reporting and which is fully in line with the objective of making integrated reporting, as currently developed by the International Integrated Reporting Council (IIRC), the global norm by the end of the decade; stresses, however, that any solution chosen must not create excessive administrative burdens, particularly for SMEs; believes that the philanthropic activities of businesses should not generate red tape and costs that could jeopardise their voluntary commitments; welcomes the goal of exposing human rights violations and criminal schemes, and urges states to punish such activity with utmost rigour;
8. Calls on the Commission to address, in the context of the Unfair Commercial Practices Directive, the issue of misleading forms of marketing with regard to the environmental and social impacts of companies' operations;
9. Condemns corporate corruption and tax evasion in the strongest terms, but maintains that the Commission should distinguish more clearly between (1) philanthropic action, (2) social action by business, and (3) anti-social action by business, one example of the latter being the employment of forced child labour; roundly condemns anti-social action on the part of business, and believes that greater pressure must be put on countries to

¹ 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, 21 March 2011.

translate international standards into national law and to enforce such legislation; rejects, however, sweeping condemnations of business in general on the basis of unfair practices and breaches of the law on the part of only a few companies; takes the view that while companies have a duty to speak out on public issues of concern, including human rights, their lobbying activities must be fully transparent and in keeping with democratic principles; stresses the importance of offering specific CSR-training in universities and in business and management schools;

10. Stresses that stringent respect for human rights, due diligence and transparency must be maintained in order to ensure CSR along the whole supply chain, measure the sustainability footprint of European business, and combat tax avoidance and illicit money flows; points out that the ongoing parliamentary debates over the draft EU Extractive Transparency Law for the extractive and logging industry (2011/0307(COD)), the review of the Anti-Money Laundering Directive, and the announced draft of legislation on non-financial reporting provide opportunities to improve companies' transparency towards these ends;
11. Stresses that corporate responsibility must not be reduced to a marketing tool, but that the only way to develop CSR to the full is to embed it in a company's overall business strategy, and to implement and translate it into reality in the company's day-to-day operations and financial strategy; would welcome a link between good corporate responsibility and good corporate governance; believes that the Commission should encourage companies to decide on a CSR strategy at board level; calls on the Commission and the Member States to introduce corporate stewardship codes that reflect the importance of responsibility for all in the company, and which establish the strong link between the company's environmental, social and human rights performance and its financial results.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	14.1.2013
Result of final vote	+: 37 -: 6 0: 0
Members present for the final vote	Regina Bastos, Jean-Luc Bennahmias, Phil Bennion, Pervenche Berès, Vilija Blinkevičiūtė, Philippe Boulland, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Minodora Cliveti, Emer Costello, Frédéric Daerden, Karima Delli, Sari Essayah, Thomas Händel, Marian Harkin, Nadja Hirsch, Martin Kastler, Ádám Kósa, Jean Lambert, Patrick Le Hyaric, Veronica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Óry, Siiri Oviir, Konstantinos Poupakis, Sylvana Rapti, Elisabeth Schroedter, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Traian Ungureanu, Andrea Zaroni, Inês Cristina Zuber
Substitute(s) present for the final vote	Georges Bach, Malika Benarab-Attou, Richard Howitt, Anthea McIntyre, Ria Oomen-Ruijten, Antigoni Papadopoulou, Evelyn Regner, Csaba Sógor