



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2012/2098(INI)

15.1.2013

OPINION

of the Committee on International Trade

for the Committee on Legal Affairs

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

Rapporteur: Bernd Lange

PA_NonLeg

SUGGESTIONS

The Committee on International Trade 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 with interest that the Commission has started to include references to CSR in EU trade agreements; takes the view, in the light of the key role played by corporations, their subsidiaries and their supply chains in international trade, that corporate social and environmental responsibility must become an integral part of the "sustainable development" chapter of the EU's trade agreements; calls on the Commission to elaborate concrete proposals for the implementation of these CSR principles in trade policy;
2. Commits itself to step up its efforts continually so that EU institutions and officials, including the EU Special Representative for Human Rights, are required to enforce social, environmental and human rights standards in all EU external relations and actions;
3. Stresses that promoting CSR is an objective supported by the European Union, and that the Union must therefore ensure that the external policies it implements contribute to the sustainable development and to the social development of the countries concerned;
4. Urges the Commission, in devising concrete proposals for the application of CSR principles, to base itself on the OECD Guidelines for Multinational Enterprises, including the OECD complaints procedure;
5. Commends all member states of the OECD for their comprehensive work on the OECD Guidelines for Multinational Enterprises, published on 25 May 2011; notes that 44 adhering governments – representing all regions of the world and accounting for 85 % of foreign direct investment – encourage their enterprises to observe these far-reaching recommendations for responsible business conduct wherever they operate;
6. Agrees that current environmental and climate change imperatives and the development of global production chains demand a broader CSR concept coverage than envisaged when the concept was first conceived; considers it necessary, therefore, to spell out an updated CSR concept, relating to labour and human rights and employment issues as well as to environmental protection, climate change concerns and avoidance of corruption and tax evasion;
7. Calls for all European companies operating in third countries and employing more than 1000 people to be required to apply the OECD Guidelines for Multinational Enterprises from 1 January 2014;
8. Asks the Commission to include a binding CSR clause in all bilateral trade and investment agreements signed by the EU, on the basis of principles of CSR as defined at the international level – with an emphasis on sustainable development and good governance and with a clear focus on human rights, decent work, labour standards, freedom of association, collective bargaining and other social considerations – in particular the 2010 update of the OECD Guidelines; suggests that this clause should harmonise existing

standards and concepts, in order to ensure comparability and fairness, and contain measures for monitoring these principles on the EU level and for its implementation, and that National Contact Points be set up as fora for questions on the issues raised in the OECD Guidelines, such as the requirement to monitor the activities of companies and their subsidiaries and supply chains, and the requirement to apply due diligence;

9. Calls on the Commission to ensure that all companies operating in the single market, including those transnational corporations the subsidiaries or supply chains of which are located in the EU, comply with all their legal obligations at both the national and EU level in order to ensure fair competition and maximise the benefits for EU consumers; calls on the Commission actively to promote responsible business conduct amongst EU companies operating abroad, with special focus given to ensuring strict compliance with all their legal obligations, stemming from either domestic laws or any bilateral or international legal obligations their business operations are subject to therein, not the least compliance with international standards and rules in the areas of human rights, labour and the environment; suggests, to this end, that the Commission should actively engage with its partners in developing and emerging countries in order to exchange best practices and know-how on the ways and means of improving the business environment and raising awareness about responsible business conduct;
10. Suggests that the Member State governments call on the EIB to include a CSR clause in its operations;
11. Calls on the Commission to introduce a more open and clear procedure for filing and considering complaints regarding non-compliance with CSR principles, including enforcement mechanisms, and to initiate investigations where necessary;
12. Calls on the Commission to urge companies to apply CSR; emphasises the need to support and encourage the spread of such practices among SMEs while keeping costs and red tape to a minimum;
13. Calls on the Commission to include a CSR clause in agreements with non-governmental organisations (NGOs), particularly where these relate to development activities;
14. Calls on the Commission to use incentive-based measures more effectively, and to be more vigilant in monitoring and ensuring that transnational corporations whose subsidiaries or supply chains are located in countries participating in the GSP and GSP+ – whether or not they have their registered office in the European Union – as well as the countries concerned a) comply with their national and international legal obligations in the areas of human rights, social and labour standards and environmental rules, b) show a genuine commitment to the rights, protection and well-being of their workforce and citizens generally, c) uphold freedom of association and collective bargaining rights, and d) deal with any infringements swiftly and effectively;
15. Calls on the Commission to promote CSR in multilateral forums by supporting enhanced cooperation between the WTO and other multilateral forums dealing with CSR, such as the ILO and the OECD;
16. Recalls that both court litigations and alternatives to court litigations already exist for

settling commercial disputes and/or for seeking compensation for negative externalities of irresponsible or illegal business activity; calls, in this regard, on the Commission to do more to enhance awareness of both paths amongst the businesses community and the public at large; recalls that the International Chamber of Commerce (ICC) provides dispute resolution services for individuals, businesses, states, state entities and international organisations seeking alternatives to court litigation that can contribute to improving effective access to justice for victims in the event of breaches of responsible business practices causing economic, social and environmental damages in the EU and/or abroad;

17. Calls for the monitoring of restrictive measures (sanctions, boycotts, embargos) as well as for licensing schemes on the EU level for dual-use items;
18. Calls for mechanisms to be put in place whereby CSR principles must be respected not only by the main company or contractor benefitting from a trade agreement, but also by any sub-contractor or supply chain it may use, whether in the supply of goods, workers or services, thereby ensuring a level playing field based on fair pay and decent working conditions, and guaranteeing trade union rights and freedoms;
19. Calls on the Commission to improve its sustainability impact assessment model, in order to properly reflect the economic, social, human rights and environmental implications – including climate change mitigation goals – of trade negotiations; calls on the Commission to follow up on the trade agreements with the EU's partner countries by carrying out, prior to and after the signing of a trade agreement, sustainability impact assessment studies, taking into account in particular vulnerable sectors;
20. Underlines that, following the entry into force of the Lisbon Treaty, Parliament is to be fully informed on how the findings of Sustainability Impact Assessments (SIA) of agreements are incorporated into negotiations prior to their conclusion, and which chapters of those agreements have been changed to avoid any negative impacts identified in the SIA;
21. Calls for a system of transnational legal cooperation to be set up between the EU and third country signatories to bilateral trade agreements in order to ensure that victims of breaches of social or environmental legislation, or of failures to honour CSR undertakings, by multinationals and their immediate subsidiaries have effective access to justice in the country where the breach took place, and in support of the establishment of international judicial procedures to ensure, where necessary, that breaches of the law by companies are punished;
22. Calls for the development of more effective transparency and accountability standards for EU technology companies involved in the export of technologies that can be used to violate human rights or in ways contrary to the EU's security interest;
23. Calls on the EEAS to ensure that EU trade officers, if based in EU embassies, are given regular training on CSR issues, in particular with respect to the implementation of the UN "Protect, Respect and Remedy" Framework, and that EU embassies function as EU contact points for complaints concerning EU companies and their subsidiaries, since OECD National Contact Points exist only in OECD-adhering countries and, in practice,

are therefore not accessible to employees of such companies based in non-OECD countries;

24. Calls for assessments of the human rights impact of new technologies to be made as early in the research and development phase as possible, and calls for such assessments to include scenario studies and considerations of identifying standards for incorporating human rights into the design ('Human Rights by Design');
25. Stresses that awareness-raising at corporate level about the importance of CSR and the consequences of non-compliance, as a task for the Commission, must be accompanied by adequate awareness- and capacity-building at the level of host country governments in order to ensure effective implementation of CSR rights and access to justice;
26. Calls for the implementation of the 'know your end user' principle to ensure increased scrutiny and to prevent human rights violations from occurring either up- or downstream in supply chains and production or market flows;
27. Underlines that future bilateral investment treaties signed by the EU must guarantee that a fair balance is struck between the need to protect investors and need to allow for state intervention, especially with regard to social, health and environmental standards;
28. Notes the positive steps made in the current reform of the Transparency Directive (2004/109/EG) and of the Accounting Directive (2003/51/EG) in addressing the issue of CSR while balancing the legitimate quest for transparency and responsibility with the burden of reporting by companies; calls on the Commission to ensure that companies falling under these directives are obliged to report regularly on their CSR activities, in line with the OECD Guidelines for Multinational Companies, while ensuring special arrangements for SMEs in order to make the reporting financially and administratively feasible;
29. Stresses that the CSR dimension should be incorporated into multilateral trade agreements, and calls, therefore, on the Commission to support proposals to that effect in international fora, in particular the OECD and the ILO as well as the WTO in the post-Doha context;
30. Calls for future CSR measures to encompass the whole value chain, from the extraction of raw materials via trade to recycling;
31. Asks that CSR policies be included at all levels of trade agreements with the EU, and that they include provisions to extend protection to migrant, agency and posted workers;
32. Considers that the Commission and the Member States should encourage EU companies to take initiatives aimed at promoting CSR and to exchange good practices with their partners in other countries;
33. Calls for CSR policies and for fundamental employment and trade union rights, such as the rights to privacy and freedom of association, to be respected by EU companies in all their operations, whether they are based in the EU or in third countries;

34. 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; calls on such representative organisations to work with employers in a genuine partnership approach;
35. Calls for an increased and more inclusive and transparent monitoring of CSR principles in EU trade policy, with clear benchmarks set for measuring improvements so as to encourage confidence in the system;
36. Notes that CSR is a mechanism which allows employers to support their workers and local communities in developing countries, that respect for CSR and labour standards enable such countries to benefit from further international trade, and that CSR can ensure that gains are shared equitably to develop sustainable economic and social prosperity and to 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.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	18.12.2012
Result of final vote	+: 24 -: 2 0: 1
Members present for the final vote	William (The Earl of) Dartmouth, Maria Badia i Cutchet, Nora Berra, Daniel Caspary, María Auxiliadora Correa Zamora, George Sabin Cutaş, Christofer Fjellner, Yannick Jadot, Franziska Keller, Vital Moreira, Paul Murphy, Cristiana Muscardini, Niccolò Rinaldi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Henri Weber, Iuliu Winkler, Paweł Zalewski
Substitute(s) present for the final vote	Salvatore Iacolino, Silvana Koch-Mehrin, Maria Eleni Koppa, Katarína Nevedálová, Marietje Schaake
Substitute(s) under Rule 187(2) present for the final vote	Norbert Neuser, Birgit Schnieber-Jastram, Derek Vaughan