

CSR COMMUNICATION - "A renewed EU strategy 2011-2014 for CSR"

Internal briefing

The long-awaited new CSR Communication was released on the 25th October¹. **Some progress has been made.** It clearly shows a switch of attitude in the Commission, acknowledging the role of public authorities in regulating business activity 'where necessary' (i.e. to 'ensure corporate accountability') when only 4 years ago the Commission considered it was not needed. Additionally, for the first time it refers to the need to protect the human rights of citizens in developing countries. ECCJ advocacy work of those last years has been instrumental in convincing EU policy makers that the current voluntary approach to CSR is insufficient. The new definition of CSR reflects well this change: it is 'the responsibility of enterprises for their impacts on society', removing the voluntary-only aspect from its 2001 definition².

This communication is obviously not a panacea to all corporate accountability issues we are dealing with. Although it will frame the CSR debate at the EU level in the following years, it has no legal implication as it is not a binding document. Additionally, as stated in our press release³ concrete measures to improve the direct liability of parent companies (via due diligence measures notably) and access to justice are not in the agenda of action.

What's next?

The next steps will be to ensure concrete measures will follow this communication. The reactions from the council and the European parliament will be closely followed up.

A meeting of the coordination committee of the EU forum on CSR together with the High level group of member state representatives will be held on the 10th of November, where the Commission plans to officially present its new communication. ECCJ will be represented by Geneviève Paul (Steering Group member) and Yolaine Delaygues (ECCJ secretariat).

Commitments

It is worth having a look at some promising commitments from the Commission. Most notably, the Commission plans to reflect Green-washing in the Unfair Commercial Directive in 2012, integrate social and environmental consideration in the Public Procurement Directives, and, most importantly work on implementation of the UN Guiding Principles (see pt. 11 and 12 below), all alongside the ongoing EC work on legislation on environmental and social reporting by companies.

The Commission intends to:

¹ Commission Press release

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/730&format=HTML&aged=0&language=EN&guiLanguage=en>

Full text of the CSR Communication http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/new-csr/act_en.pdf

² "Corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

³ <http://www.corporatejustice.org/csr-communication-eccj-reaction.html?lang=en>

3. Address the issue of misleading marketing related to the environmental impacts of products (so-called "green-washing") in the context of the report on the application of the Unfair Commercial Practices Directive¹⁸ foreseen for 2012, and consider the need for possible specific measures on this issue.

4. Initiate an open debate with citizens, enterprises and other stakeholders on the role and potential of business in the 21st century, with the aim of encouraging common understanding and expectations, and carry out periodic surveys of citizen trust in business and attitudes towards CSR.

6. Facilitate the better integration of social and environmental considerations into public procurement as part of the 2011 review of the Public Procurement Directives, without introducing additional administrative burdens for contracting authorities or enterprises, and without undermining the principle of awarding contracts to the most economically advantageous tender.

7. Consider a requirement on all investment funds and financial institutions to inform all their clients (citizens, enterprises, public authorities etc.) about any ethical or responsible investment criteria they apply or any standards and codes to which they adhere.

In order to ensure a level playing field, as announced in the Single Market Act the Commission will present a legislative proposal on the transparency of the social and environmental information provided by companies in all sectors. An impact assessment of possible options for this proposal, which will also include a competitiveness proofing and SME test, is currently ongoing. The Commission is also developing a policy to encourage companies to measure and benchmark their environmental performance using a common life-cycle based methodology that could also be used for disclosure purposes.

The Commission intends to:

11. Work with enterprises and stakeholders in 2012 to develop human rights guidance for a limited number of relevant industrial sectors, as well as guidance for small and medium-sized enterprises, based on the UN Guiding Principles.

12. Publish by the end of 2012 a report on EU priorities in the implementation of the UN Guiding Principles, and thereafter to issue periodic progress reports.

The Commission also:

D Expects all European enterprises to meet the corporate responsibility to respect human rights, as defined in the UN Guiding Principles.

E Invites EU Member States to develop by the end of 2012 national plans for the implementation of the UN Guiding Principles. The Commission promotes CSR through its external policies. It will continue, through a mix of global advocacy and complementary legislation, to aim at disseminating internationally recognised CSR guidelines and principles more widely and enabling EU businesses to ensure that they have a positive impact in foreign economies and societies. The Commission will make relevant proposals in the field of trade-and-development. Furthermore where appropriate, it will propose to address CSR in established dialogues with partner countries and regions.

The Commission intends to:

13. Identify ways to promote responsible business conduct in its future policy initiatives towards more inclusive and sustainable recovery and growth in third countries.