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PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**A renewed EU strategy 2011-14 for Corporate Social Responsibility**

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## 1. INTRODUCTION

The European Commission has previously defined Corporate Social Responsibility (CSR) as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.<sup>1</sup>

Corporate social responsibility concerns actions by companies over and above their legal obligations towards society and the environment. Certain regulatory measures create an environment more conducive to enterprises voluntarily meeting their social responsibility.

### 1.1. Addressing corporate social responsibility is in the interests of enterprises...

A strategic approach to CSR is increasingly important to the competitiveness of enterprises. It can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.<sup>2</sup>

Because CSR requires engagement with internal and external stakeholders, it enables enterprises to better anticipate and take advantage of fast changing societal expectations and operating conditions. It can therefore drive the development of new markets and create opportunities for growth.

By addressing their social responsibility enterprises can build long-term employee, consumer and citizen trust as a basis for sustainable business models. Higher levels of trust in turn help to create an environment in which enterprises can innovate and grow.

### 1.2. ...and in the interests of society as a whole

Through CSR, enterprises can significantly contribute to the European Union’s treaty objectives of sustainable development and a highly competitive social market economy. CSR underpins the objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth, including the 75% employment target.<sup>3</sup> Responsible business conduct is especially important when private sector operators provide public services. Helping to mitigate the social effects of the current economic crisis, including job losses, is part of the social responsibility of enterprises. CSR offers a set of values on which to build a more cohesive society and on which to base the transition to a sustainable economic system.

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<sup>1</sup> COM(2001)366

<sup>2</sup> European Competitiveness Report 2008 (COM(2008)774), and accompanying Staff Working Paper SEC(2008) 2853

<sup>3</sup> A number of the Europe 2020 flagship initiatives make reference to CSR: the Integrated Industrial Policy for the Globalisation Era COM(2010)614, the European Platform against Poverty and Social Exclusion COM(2010)758, the Agenda for New Skills and Jobs COM(2010)682, Youth on the Move COM(2010)477 and the Single Market Act COM(2011)206. In addition, the Innovation Union COM(2010)546 aims to enhance the capacity of enterprises to address societal challenges through innovation, and the contribution of enterprises is central to achieving the objectives of the flagship initiative “A Resource-Efficient Europe” COM(2011)21 and COM(2011)571..

### 1.3. Why is the Commission presenting this new strategy now?

The Council and the European Parliament have both called on the Commission to further develop its CSR policy.<sup>4</sup> In the Europe 2020 Strategy, the Commission made a commitment to renew the EU strategy to promote Corporate Social Responsibility. In its 2010 communication on industrial policy the Commission said it would put forward a new policy proposal on CSR.<sup>5</sup> In the Single Market Act it stated that it would adopt a new communication on CSR by the end of 2011.<sup>6</sup>

The economic crisis and its social consequences have to some extent damaged consumer confidence and levels of trust in business. They have focused public attention on the social and ethical performance of enterprises. By renewing efforts to promote CSR now, the Commission aims to create conditions favourable to sustainable growth, responsible business behaviour and durable employment generation in the medium and long term.

## 2. EVALUATION OF THE IMPACT OF EUROPEAN POLICY ON CSR

The Commission has played a pioneering role in the development of public policy to promote CSR ever since its 2001 Green Paper<sup>7</sup> and the establishment of the European Multistakeholder Forum on CSR. In 2006 the Commission published a new policy whose centrepiece was strong support for a business-lead initiative called the European Alliance for CSR.<sup>8</sup> The policy also identified 8 priority areas for EU action: awareness-raising and best practice exchange; support to multistakeholder initiatives; cooperation with Member States; consumer information and transparency; research; education; small and medium-sized enterprises; and the international dimension of CSR.

This policy has contributed to progress in the field of CSR. Indicators of progress include:

- The number of EU enterprises that have signed up to the ten CSR principles of the United Nations Global Compact has risen from 600 in 2006 to over 1900 in 2011.
- The number of organisations with sites registered under the Environmental Management and Audit Scheme (EMAS) has risen from 3,300 in 2006 to over 4,600 in 2011<sup>9</sup>.
- The number of EU companies signing transnational company agreements with global or European workers' organisations, covering issues such as labour standards, rose from 79 in 2006 to over 140 in 2011.

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<sup>4</sup> Environment Council 5 December 2008, Environment Council 20 December 2010, Foreign Affairs Council 14 June 2010, European Parliament Resolution 13 March 2007 (P6\_TA(2007)0062), European Parliament Resolution 8 June 2011 P7\_TA(2011)0260

<sup>5</sup> Integrated Industrial Policy for the Globalisation Era COM(2010)614

<sup>6</sup> COM(2011)206

<sup>7</sup> COM(2001)366

<sup>8</sup> COM(2006)136

<sup>9</sup> Of these organisations, it is estimated that about 80% are enterprises.

- The Business Social Compliance Initiative, a European, business-driven initiative for companies to improve working conditions in their supply-chains, has increased its membership from 69 in 2007 to over 700 in 2011.
- The number of European enterprises publishing sustainability reports according to the guidelines of the Global Reporting Initiative rose from 270 in 2006 to over 850 in 2011.

Through the European Alliance on CSR, leading enterprises developed a series of practical tools on key issues.<sup>10</sup> About 180 enterprises expressed support for the Alliance. National employers' associations also supported the Alliance and undertook a number of actions to promote CSR.

In spite of this progress, important challenges remain. Many companies in the EU have not yet fully integrated social and environmental concerns into their operations and core strategy. Accusations persist of the involvement of a small minority of European enterprises in human rights harm and failure to respect core labour standards. Only 15 out of 27 EU Member States have national policy frameworks to promote CSR.<sup>11</sup>

The Commission has identified a number of factors that will help to further increase the impact of its CSR policy, including:

- The need for a balanced multistakeholder approach that takes account of the views of enterprises, non-business stakeholders and Member States.
- The need to better clarify what is expected of enterprises, and to make the EU definition of CSR consistent with new and updated international principles and guidelines.
- The need to promote market reward for responsible business conduct, including through investment policy and public procurement.
- The need to consider self- and co-regulation schemes, which are an important means by which enterprises seek to meet their social responsibility.
- The need to address company transparency on social and environmental issues from the point of view of all stakeholders, including enterprises themselves.
- The need to give greater attention to human rights, which have become a significantly more prominent aspect of CSR.
- The need to acknowledge the role that complementary regulation plays in creating an environment more conducive to enterprises voluntarily meeting their social responsibility..

The remainder of this communication presents a modern understanding of CSR, including an updated definition, and a new agenda for action. In doing so it builds on the 2006 policy while

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<sup>10</sup> For example: gender equality, responsible supply-chain management, and improving dialogue with investors on companies' non-financial performance. See [www.csreurope.org/pages/en/toolbox.html](http://www.csreurope.org/pages/en/toolbox.html)

<sup>11</sup> "Corporate Social Responsibility: National Public Policies in the EU", European Commission, 2011

also introducing important new elements which can help further extend the impact of the policy. It seeks to reaffirm the EU's global influence in this field, enabling the EU to better promote its interests and values in relations with other regions and countries. It will also help to guide and coordinate EU Member State policies and so reduce the risk of divergent approaches that could create additional costs for enterprises operating in more than one Member State.

### **3. A MODERN UNDERSTANDING OF CORPORATE SOCIAL RESPONSIBILITY**

#### **3.1. A new definition**

The Commission puts forward a new definition of CSR as “the responsibility of enterprises for their impacts on society”. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.

The complexity of that process will depend on factors such as the size of the enterprise and the nature of its operations. For most small and medium-sized enterprises, especially micro-enterprises, the CSR process is likely to remain informal and intuitive.

To maximise the creation of shared value, enterprises are encouraged to adopt a long-term, strategic approach to CSR, and to explore the opportunities for developing innovative products, services and business models that contribute to societal wellbeing and lead to higher quality and more productive jobs.

To identify, prevent and mitigate their possible adverse impacts, large enterprises, and enterprises at particular risk of having such impacts, are encouraged to carry out risk-based due diligence, including through their supply chains.

Certain types of enterprise, such as cooperatives, mutuals, and family-owned businesses, have ownership and governance structures that can be especially conducive to responsible business conduct.

#### **3.2. Internationally recognised principles and guidelines**

For companies seeking a formal approach to CSR, especially large companies, authoritative guidance is provided by internationally recognised principles and guidelines, in particular the recently updated OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights. This core set of internationally recognised principles and guidelines represents an evolving and recently

strengthened global framework for CSR. European policy to promote CSR should be made fully consistent with this framework.

### **3.3. The multidimensional nature of CSR**

According to these principles and guidelines, CSR at least covers human rights, labour and employment practices (such as training, diversity, gender equality and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption. Community involvement and development, the integration of disabled persons, and consumer interests, including privacy, are also part of the CSR agenda. The promotion of social and environmental responsibility through the supply-chain, and the disclosure of non-financial information, are recognised as important cross-cutting issues. The Commission has adopted a communication on EU policies and volunteering in which it acknowledges employee volunteering as an expression of CSR.<sup>12</sup>

In addition, the Commission promotes the three principles of good tax governance – namely transparency, exchange of information and fair tax competition – in relations between states. Enterprises are encouraged, where appropriate, also to work towards the implementation of these principles.

### **3.4. The role of public authorities and other stakeholders**

The development of CSR should be led by enterprises themselves. Public authorities should play a supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation, for example to promote transparency, create market incentives for responsible business conduct, and ensure corporate accountability.

Enterprises must be given the flexibility to innovate and to develop an approach to CSR that is appropriate to their circumstances. Many enterprises nevertheless value the existence of principles and guidelines that are supported by public authorities, to benchmark their own policies and performance, and to promote a more level playing field.

Trade unions and civil society organisations identify problems, bring pressure for improvement and can work constructively with enterprises to co-build solutions. Consumers and investors are in a position to enhance market reward for socially responsible companies through the consumption and investment decisions they take. The media can raise awareness of both the positive and negative impacts of enterprises. Public authorities and these other stakeholders should demonstrate social responsibility, including in their relations with enterprises.

### **3.5. CSR and the Social Business Initiative**

Corporate social responsibility is applicable to all enterprises. This communication is adopted together with a complementary but distinct Social Business Initiative (SBI) which supports a specific kind of enterprise, namely those whose primary purpose is explicitly social and/or environmental, that reinvest profits for that purpose, and whose internal organisation reflects

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<sup>12</sup> “Communication on EU Policies and Volunteering: Recognising and Promoting Crossborder Voluntary Activities in the EU” COM(2011)568.

the societal objectives.<sup>13</sup> The SBI deals with the ecosystem required for social business and social innovation to flourish and contribute to the European social market economy.

### **3.6. CSR and social dialogue**

In recent years several sectoral social dialogue committees have promoted good CSR practices and established guidelines.<sup>14</sup> The Commission facilitates such initiatives and recognises that CSR contributes to and supplements social dialogue. Innovative and effective CSR policies have also been developed through transnational company agreements (TCAs) concluded between enterprises and European or global workers' organisations.<sup>15</sup> The EU actively supports TCAs and will launch a searchable database of such agreements.

## **4. AN AGENDA FOR ACTION 2011-2014**

This agenda contains commitments from the Commission itself, as well as suggestions for enterprises, Member States, and other stakeholder groups. In implementing this agenda, the Commission will at all times take account the particular characteristics of SMEs, especially their limited resources, and avoid creating unnecessary administrative burdens.

### **4.1. Enhancing the visibility of CSR and disseminating good practices**

By giving public recognition to what enterprises do in the field of CSR, the EU can help to disseminate good practice, foster peer learning, and encourage more enterprises to develop their own strategic approaches to CSR. Building on the lessons of initiatives in different Member States, the Commission will support capacity-building for SME intermediary organisations to improve the quality and availability of CSR advice for small and medium-sized enterprises.

The Commission has launched a wide range of programmes to work with enterprises and other stakeholders on critical social and environmental issues.<sup>16</sup> Further engagement with enterprises will be important for the success of the Europe 2020 strategy. The Commission will therefore promote dialogue with enterprises and other stakeholders on issues such as employability, demographic change and active ageing<sup>17</sup>, and workplace challenges (including diversity management, gender equality, education and training, and employee health and well-being). It will in particular focus on sectoral approaches and on the dissemination of responsible business conduct through the supply chain.

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<sup>13</sup> COM(2011)682

<sup>14</sup> "Industrial relations in Europe 2010", Chapter 6.3.4, European Commission, DG Employment Social Affairs and Inclusion, 2011

<sup>15</sup> "The role of transnational company agreements in the context of increasing international integration" COM(2008) 419 final

<sup>16</sup> For example: the Retail Forum for Sustainability; the EU Platform for Diet, Physical Activity and Health; the Business and Biodiversity Campaign; the process on corporate responsibility in the pharmaceutical industry; the European Food and Sustainable Production Round Table; the University-Business Forum; the Advertising Round Table; and the European Pact for Mental Health and Well-being.

<sup>17</sup> 2012 is the European Year of Active Ageing.



CSR Europe's Enterprise 2020 initiative is an example of business leadership in the field of CSR that is particularly relevant to EU policy objectives. The Commission will help to review the initial results of this initiative by the end of 2012, and to define its next steps.

The Commission intends to:

1. Create in 2013 multistakeholder CSR platforms in a number of relevant industrial sectors, for enterprises, their workers and other stakeholders to make public commitments on the CSR issues relevant to each sector and jointly monitor progress.
2. Launch from 2012 onwards a European award scheme for CSR partnerships between enterprises and other stakeholders.

#### **4.2. Improving and tracking levels of trust in business**

Like all organisations, including governments and the EU itself, enterprises need to be trusted by citizens. The European business community should aspire to be amongst the most trusted groups of organisations in society. There is frequently a gap between citizens' expectations and what they perceive to be the reality of business behaviour. This gap is caused partly by instances of irresponsible behaviour by some enterprises, as well as by cases of some enterprises exaggerating their environmental or social credentials. Sometimes it is caused by an insufficient understanding on the part of some enterprises of fast evolving societal expectations, as well as by an insufficient awareness on the part of citizens of the achievements of enterprises and the constraints under which they operate.

The Commission intends to:

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 Directive<sup>18</sup> 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.

#### **4.3. Improving self- and co-regulation processes**

Enterprises often participate in self- or co-regulation processes, for example sector-wide codes of conduct on societal issues relevant to the sector in question. When such processes are designed in an appropriate way they can earn stakeholder support and be an effective means of ensuring responsible business conduct. Self and co-regulation are acknowledged by the EU as a part of the better regulation agenda.<sup>19</sup>

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<sup>18</sup> Directive 2005/29/EC

<sup>19</sup> See the Interinstitutional Agreement on better Law-making 2003/C 321/01, and Commission Communication "Better Regulation for Growth and Jobs in the European Union" COM(2005)97.

Experience suggests that self and co-regulation processes are most effective when they: are based on an initial open analysis of the issues with all concerned stakeholders, in the presence of and if necessary convened by public authorities such as the European Commission; result, in a subsequent phase, in clear commitments from all concerned stakeholders, with performance indicators; provide for objective monitoring mechanisms, performance review and the possibility of improving commitments as needed; and include an effective accountability mechanism for dealing with complaints regarding non-compliance.

The Commission intends to:

5. Launch a process in 2012 with enterprises and other stakeholders to develop a code of good practice for self- and co-regulation exercises, which should improve the effectiveness of the CSR process.

#### **4.4. Enhancing market reward for CSR**

The positive impacts of CSR on competitiveness are increasingly recognised, but enterprises still face dilemmas when the most socially responsible course of action may not be the most financially beneficial, at least in the short term. The EU should leverage policies in the field of consumption, public procurement and investment to strengthen market incentives for CSR.

##### *4.4.1. Consumption*

Consumer attention to CSR-related issues has grown in recent years, but significant barriers remain, such as insufficient awareness, the need sometimes to pay a price premium, and lack of easy access to the information necessary for making informed choices. Some enterprises play a pioneering role in helping consumers to make more sustainable choices. The revision of the Sustainable Consumption and Production Action Plan may provide an opportunity to identify new measures to facilitate more responsible consumption.

##### *4.4.2. Public procurement*

The Commission set an indicative target that by 2010 50% of all public procurement in the EU should comply with agreed environmental criteria. In 2011 the Commission published a guide on Socially Responsible Public Procurement (SRPP), explaining how to integrate social considerations into public procurement while respecting the existing EU legal framework.<sup>20</sup> SRPP can include positive action by public authorities to help under-represented businesses, such as SMEs, to gain access to the public procurement market.

Member States and public authorities at all levels are invited to make full use of all possibilities offered by the current legal framework for public procurement. The integration of environmental and social criteria into public procurement must be done in particular in a way that does not discriminate against SMEs, and abides by Treaty provisions on non-discrimination, equality of treatment and transparency.

The Commission intends to:

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<sup>20</sup> “Buying Social: a guide to taking account of social considerations in public procurement”, European Commission, 2011

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.

#### 4.4.3. Investment

In response to the financial crisis, the Commission is making a number of regulatory proposals to ensure a more responsible and transparent financial system. By taking adequate account of relevant non-financial information, investors can contribute to a more efficient allocation of capital and better achieve longer-term investment goals. The Commission is supporting capacity-building for investors on how to integrate non-financial information into investment decisions. In this context, the Commission encourages enterprises to disclose information related to the implementation of good tax governance standards.

European asset managers and asset owners, especially pension funds, are invited to sign up to the UN Principles for Responsible Investment. Public authorities have a particular responsibility to promote CSR in enterprises which they own or in which they invest.

The Commission intends to:

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.

### 4.5. Improving company disclosure of social and environmental information

Disclosure of social and environmental information, including climate-related information, can facilitate engagement with stakeholders and the identification of material sustainability risks. It is also an important element of accountability and can contribute to building public trust in enterprises. To meet the needs of enterprises and other stakeholders, information should be material, and cost-effective to collect.

Some Member States have introduced non-financial disclosure requirements that go beyond existing EU legislation.<sup>21</sup> There is a possibility that different national requirements could create additional costs for enterprises operating in more than one Member State.

A growing number of companies disclose social and environmental information. SMEs often communicate such information informally and on a voluntary basis. One source estimates that about 2,500 European companies publish CSR or sustainability reports, which puts the EU in a position of global leadership<sup>22</sup>. However this is still only a small fraction of the 42,000 large companies operating in the EU.

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<sup>21</sup> The Fourth Directive on annual accounts 2003/51/EC requires enterprises to disclose in their annual reports environmental and employee-related information to the extent necessary for an understanding of the company's development, performance or position. All Member States have chosen to exempt SMEs from this requirement.

<sup>22</sup> CorporateRegister.com

There are a number of international frameworks for the disclosure of social and environmental information, including the Global Reporting Initiative. Integrated financial and non-financial reporting represents an important goal for the medium and long term, and the Commission follows with interest the work of the International Integrated Reporting Committee.

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.

All organisations, including civil society organisations and public authorities, are encouraged take steps to improve disclosure of their own social and environmental performance..

#### **4.6. Further integrating CSR into education, training and research**

The further development of CSR requires new skills as well as changes in values and behaviour. Member States can play an important role by encouraging education establishments to integrate CSR, sustainable development and responsible citizenship into relevant education curricula, including at secondary school and university level. European business schools are encouraged to sign the UN Principles for Responsible Management Education.

High quality academic research supports the development of business practice and public policy in the field of CSR. Further research should build on the results of projects financed under the 6<sup>th</sup> and 7<sup>th</sup> EU Framework Programmes. The Commission will explore opportunities for financing further research and innovation on CSR, and supporting CSR principles and guidelines in research funded still under the 7<sup>th</sup> Framework Programme, as well as under its successor, Horizon 2020, and in building the European Research Area.

The Commission intends to:

8. Provide further financial support for education and training projects on CSR under the EU Lifelong Learning and Youth in Action Programmes, and launch an action in 2012 to raise the awareness of education professionals and enterprises on the importance of cooperation on CSR.

#### **4.7. Emphasising the importance of national and sub-national CSR policies**

Many public policy measures to support CSR are best carried out at national, regional and local level. Local and regional authorities are encouraged to make smart use of EU structural funds to support the development of CSR, especially amongst SMEs, and to partner with companies to better address problems such as poverty and social inclusion.

The Commission intends to:

9. Create with Member States in 2012 a peer review mechanism for national CSR policies.

The Commission invites:

- A Member States to develop or update by mid 2012 their own plans or national lists of priority actions to promote CSR in support of the Europe 2020 strategy, with reference to internationally recognised CSR principles and guidelines and in cooperation with enterprises and other stakeholders, taking account of the issues raised in this communication.

#### **4.8. Better aligning European and global approaches to CSR**

The EU should promote European interests in international CSR policy developments, while at the same time ensuring the integration of internationally recognised principles and guidelines into its own CSR policies.

##### *4.8.1. Focusing on internationally recognised CSR principles and guidelines*

In order to advance a more level global playing field, the Commission will step up its cooperation with Member States, partner countries and relevant international fora to promote respect for internationally recognised principles and guidelines, and to foster consistency between them. This approach also requires EU enterprises to renew their efforts to respect such principles and guidelines.

The OECD Guidelines are recommendations addressed by governments to multinational enterprises. The Commission welcomes the adherence of non-OECD countries to the Guidelines. In addition to governmental endorsement, the Guidelines have a distinctive implementation and grievance mechanism, the network of National Contact Points established by all adhering countries, that can assist enterprises and their stakeholders in resolving practical issues, including through mediation and conciliation.

The Commission intends to:

10. Monitor the commitments made by European enterprises with more than 1.000 employees to take account of internationally recognised CSR principles and guidelines, and take account of the ISO 26000 Guidance Standard on Social Responsibility in its own operations.

The Commission invites:

- B All large European enterprises to make a commitment by 2014 to take account of at least one of the following sets of principles and guidelines when developing their approach to CSR: the UN Global Compact, the OECD Guidelines for Multinational Enterprises, or the ISO 26000 Guidance Standard on Social Responsibility.
- C All European-based multinational enterprises to make a commitment by 2014 to respect the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

#### 4.8.2. *Implementing the UN Guiding Principles on Business and Human Rights*<sup>23</sup>

Improving the coherence of EU policies relevant to business and human rights is a critical challenge. Better implementation of the UN Guiding Principles will contribute to EU objectives regarding specific human rights issues and core labour standards, including child labour, forced prison labour, human trafficking, gender equality, non-discrimination, freedom of association and the right to collective bargaining. A process involving enterprises, EU Delegations in partner countries, and local civil society actors, in particular human rights organisations and defenders, will raise understanding of the challenges companies face when operating in countries where the state fails to meet its duty to protect human rights.

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.<sup>24</sup>

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.

#### 4.8.3. *Emphasising CSR in relations with other countries and regions in the world*

Internationally recognised CSR guidelines and principles represent values which should be embraced by the countries wishing to join the European Union, and the Commission will therefore continue to address this in the accession process.

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.

EU development policy recognises the need to support CSR.<sup>25</sup> By promoting respect for social and environmental standards, EU enterprises can foster better governance and inclusive

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<sup>23</sup> The UN Guiding Principles cover three pillars: the state duty to respect human rights; the corporate responsibility to respect human rights; and the need for access to effective remedy.

<sup>24</sup> Reports published by the European Commission on the legal framework for human rights and the environment applicable to EU enterprises when they operate outside the EU (2010), and on responsible supply chain management (2011), will be considered in this context.

<sup>25</sup> The European Consensus on Development, 2005

growth in developing countries. Business models that target the poor as consumers, producers, and distributors help to maximise development impact. The search for synergies with the private sector will become an increasingly important consideration in EU development cooperation and in EU responses to natural and man-made disasters. Enterprises can play an important role through employee volunteering in this respect. The future European Voluntary Humanitarian Aid Corps may provide one means of better exploiting synergies with the private sector.

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.

## **5. CONCLUSION**

The Commission will work with Member States, enterprises and other stakeholders to periodically monitor progress and to jointly prepare a review meeting to be held by mid 2014. In preparation for that meeting the Commission will publish a report on the implementation of the agenda for action set out in this communication. This will require more coordinated working methods between the European Multistakeholder Forum on CSR and the High Level Group of CSR representatives of Member States. The Commission will present an operational proposal for this by the end of 2011.

On the basis of this communication, the European Commission would welcome discussion with and commitments from the Council, the European Parliament, the Economic and Social Committee, the Committee of the Regions, enterprises and other stakeholders.

The Commission calls on European business leaders, including those from the financial sector, to issue, before mid 2012, an open and accountable commitment to promote, in close cooperation with public authorities and their other stakeholders, the uptake of responsible business conduct by a much larger number of EU enterprises, with clear targets for 2015 and 2020.