



## Notes

### Corporate Social Responsibility European Annual Review Meeting:

EU Member States High-Level Group on CSR

EU CSR Multi-Stakeholder Forum Coordination Committee

International Organisations

20 December 2013

#### *Morning session*

##### **Point 1 Welcome remarks**

The **Commission** (Ms. Joana Drake) made an opening statement, established the house rules and gave the floor to the Commission representative from the cabinet.

The **Commission** (Mr. Sebastian Kuck) welcomes the participants and highlights that this is the 10<sup>th</sup> meeting of the high-level group. He marks the achievements following the CSR communication in 2011 and encourages participants towards an active dialogue at the meeting. He highlights the importance of CSR to citizens, consumers, employees and companies, which are increasingly judged upon their actions and impacts on society. The data of a Eurobarometer survey, published in 2013, confirms the interest of EU citizens in CSR-related issues and suggests that there is in particular information gaps between what EU companies actually do and how citizens feel informed. He emphasised that the Commission's CSR policy is based on a non-prescriptive approach and that regulation should be the exception to the rule.

The **Commission** (Ms. Joanna Drake) further provided an overview of the various Commission activities in the area of CSR, emphasizing that around 80% of the Commission's agenda for action, as set out in the 2011 CSR strategy, have been carried out. These activities in particular include a smart mix between regulatory and complementary policy actions. She highlighted the importance of making CSR approachable and practical for SMEs, which often don't have the resource to invest into CSR. The external dimension of CSR, i.e. achieving a global playing level field, becomes increasingly important and the EU is considered by many third countries as an important example for CSR policy measures.

##### **Point 2 Implementation to date of the CSR Communication 2011-2014**

The **Commission** (Ms. Sophie Müller and Ms. Sue Bird) gave an overview of the status of implementation of the CSR communication 2011, including the "agenda for action" going through 8 points of policy measures. In preparation of the meeting, a table of implementation had been distributed to the members of the HLG. An outline of current interrelated EU activities that are ongoing was also given, mentioning for example implications of the new public procurement provisions. The **Commission** (Nicole Dewandre) also provided an update on the developments



concerning the outcome and follow-up of the fifth action about better self- and co-regulation.

*(Please see also PPT-presentations attached)*

**CSR Europe** (Jan Noterdaeme) asked if there were still plans for proceeding with promoting CSR policies in third countries, including the role of EU delegations. The **Commission** confirmed that this is the case, in particular through political dialogue meetings with third countries and regions.

### **Point 3      Updates from Member States and stakeholders**

**France** presented the work and objectives of the Group of Friends of Paragraph 47, a group of States interested in non-financial reporting. The group has doubled in size at its December 2013 meeting with Colombia, Switzerland, Austria, Chile and Norway joining the founding members (France, Brazil, Denmark, South Africa). Since June 2013, governmental CSR activities (dialogue, sharing best practices and work on the NAP on CSR) are coordinated by a new CSR platform under the auspices of the French Prime Minister. France is also currently looking at a unified national CSR label and could explore at a later stage if interest exists on the EU-level.

**Sweden** has published its NAP on CSR in November 2013. Anti-corruption is an important element of the Swedish CSR strategy. It is regrettable that several other Members States do not include this topic in their respective NAP. In co-operation with other countries (Germany, Austria, and Norway) and with funding of DG Home, Sweden co-launched a business anti-corruption portal which covers 33 European countries.

**The Netherlands** stressed the Commission's role to further stimulate CSR in MS. They support the on-going work on non-financial disclosure, also by providing access through an English webportal to their [Transparency Benchmark](#) which stimulates adoption of new international practices in CSR reports. They ask the Commission to be more active in supporting international instruments for full implementation of CSR like ISO 26000 and the OECD Guidelines. Companies can be encouraged more to apply proactive risk management / due diligence in sectoral supply chains. They announced a national plan for human rights and business adopted by the Dutch cabinet on 20 December. The plan includes a sector risk analysis to help companies identify relevant risks. To prepare for the Dutch EU Presidency (1<sup>st</sup> semester 2016) they intend to identify issues of implementation of the UN Guiding Principles which could be addressed more effectively by joint actions of MS and can be discussed in a Council meeting.

The **OECD** presented the OECD Guidelines as the most comprehensive standard on CSR with a binding mechanism for the 46 adhering governments (including almost all EU MS) to promote and implement them, notably through a grievance mechanism (OECD National Contact Points/NCP). The OECD mentioned the on-going sector-specific work streams (textile sector, due diligence on conflict minerals and in the financial sector, stakeholder engagement in the extractive sector). The OECD also recommended a broader approach in the EU CSR peer reviews, which should also cover the NCPs of MS. In the context of the EU project on conflict minerals (DG Trade), the EU should take into consideration the OECD Due Diligence Guidance on conflict minerals, which adhering governments are already bound to promote. France and the Netherlands are organizing, in the



context of the annual OECD CSR Forum in Paris, a ministerial meeting on CSR on June 26, 2014.

The **UN Global Compact** illustrated its actions in the framework of the post-2015 development agenda of the UN. Although many companies engage in CSR, on a worldwide scale 90% of them do not yet consider ESG criteria in their daily work. Therefore, CSR activities need to be scaled up. SMEs in particular need easier tools to implement CSR, while large companies should promote CSR standards in their value chains.

The **ILO** is promoting its tripartite Declaration on MNEs, which should advance the positive impact of companies on labour and mitigate risks. A new e-learning tool has been developed, while the ILO also engages in technical support activities to assist the implementation of its declaration mainly in countries in Africa and Asia. The ILO Helpdesk currently handles around 1000 company requests per year regarding international labour standards and published the most frequently asked questions on its website.

**ISO** presented the ISO 26000 CSR standard, which was published in 2010 after an unprecedented process of stakeholder engagement. It is now under review and some possible enhancement can be expected by March 2014. With GRI, ISO will shortly publish a guide on how to use both frameworks in conjunction. ISO is also developing further standards closely linked to CSR: ISO 18607 on sustainable purchasing, ISO 37001 on anti-bribery and ISO 45001 on occupational health and safety management.

**CSR Europe** expressed its satisfaction with the on-going work in the framework of the EU CSR strategy. More should, however, be done to implement CSR in companies, to support social entrepreneurs and “intrapreneurs”, and to find a better balance between the compliance and innovation dimensions of CSR (e.g. focus on social innovation). The EU should also create a platform for business in developing countries and bring together companies and donors in order to enhance the role of CSR in development. Discussions in 2014 should focus on reviewing and improving the current CSR strategy, for instance in view of a possible EU directive on CSR.

**ECCJ and Amnesty International** conveyed, also on behalf of **Friends of the Earth**, a sense of urgency to advance in CSR and corporate accountability after the recent tragedies in Bangladesh. Currently, the regulatory side of the “smart mix” approach is too weak: the outcomes of the directives on non-financial reporting or on public procurement are uncertain. Some initiatives, such as “cut red tape”, even risk undermining stronger regulation. ECCJ regrets that so far only one MS has issued a NAP on the UN Guiding Principles. While they welcome the process leading to this UK NAP (including stakeholder consultations), the outcome is considered weak. MS should also focus on the neglected third pillar (access to remedies) and address in their NAP the issues of recommendations and regulations for extraterritorial activities of companies.

In response, the **Commission** (Charlotte Olsson, DG Trade) highlighted that regulatory measures as well as the complex legal issues (extraterritoriality) that arise have to be considered. Regarding Bangladesh, the Commission has launched an unprecedented engagement with the ILO, the local authorities, business and trade unions in the context of the Accord on Fire and Building Safety. The EU also needs to take into account that legally binding rules can lead to the withdrawal of companies from certain countries.

The **Academy for Business in Society** presented the recently finished IMPACT project, a



comprehensive EU funded research on CSR. The research shows little empirical results of CSR contributing to the policy goals of the EU (Lisbon and Gothenburg strategies), but also highlights positive findings (CSR is seen as a “must have” by many companies). Impact thinking should be further developed, by means e.g. of a “clearing house” which promotes the understanding of the impacts of CSR on society, environment and business. Rating agencies, education/training on CSR and a possible future EU CSR strategy should also focus more on the impact of CSR.

**France** welcomes the results of this research.

**Greece** is committed to advance the CSR agenda during its Presidency in the first semester 2014.

The **European Centre of Employers and Enterprises providing Public Services (CEEP)** presented its guidance on CSR practice in public services and toolkit for managers to assess the CSR policy of their company.

#### **Point 4      Multi-Stakeholder Forum, 25 September 2014**

The **Commission** (Ms. Sophie Müller) presented its plans for 2014, which will focus on the review of the current EU CSR strategy as it will phase out by the end of the year. The Commission plans to hold a public consultation on the Commission's strategy on CSR with regard to achievements, shortcomings and future challenges. After the summer, the plenary meeting of the multi-stakeholder forum is planned (currently foreseen for 25 September 2014, but the date might change).

#### **Point 5      Emerging results of the peer review of Member States' policies on CSR and next steps**

The **Commission** (Ms. Sue Bird) presented the general framework relating to the CSR peer review process with Member States, which is a commitment resulting from the 2011 CSR Communication. Overall, in 2013 there were 7 meetings with all 28 Member States (4 Member States per meeting).

**GHK**, the consultancy supporting the CSR peer review process, presented the key findings and preliminary conclusions of the CSR peer review process along the following topics: (i) the Peer Reviews: progress to date; (ii) Member State priorities on CSR; (iii) Key themes emerging and (iv) Draft structure of Compendium.

*(Please also see presentation attached)*

The **Commission** (Ms. Sue Bird) highlighted that the exercise will be completed before the European Parliament elections and the nomination of the new European Commission

**The Netherlands** referred to the intended use of the compendium of national CSR policies to identify effective and future EU action. They suggested that the structure of the compendium should therefore reflect the 8 action areas of the Renewed EU-strategy for CSR (2011-2014) as these were identified by the Commission in collaboration with business, stakeholders and MS. Thus, CSR policy of the Netherlands was focused on four particular EU action areas, namely aligning European CSR with global principles and guidelines, improving disclosure of non-financial



information by companies, market incentives for CSR (consumers, investors, public procurement) and enhancing the visibility of CSR.

**CSR Europe** supported the point of the Netherlands and suggested to keep the structure of the 2011 Communication. CSR Europe suggested the inclusion of a social innovation dimension.

**Poland** highlighted that the peer review process is a useful tool to learn about other CSR policies and to receive input as to what initiatives are useful. The main challenge for the Polish government is to find the right mix of policy measures, in the context of times of austerity.

**France** would prefer a country-by-country approach based on best practices.

**Denmark:** Peer review is a good initiative, and cooperation should be continued.

**Germany** stressed that the peer review process should support the exchange of best practices, policy approaches and mutual learning openly. The experience with their particular peer review meeting was very useful.

**Belgium** also supported the practice of peer reviews and suggested for the compendium to include the regional dimension of CSR policies as well. They were keen to explore country-specific themes.

**Italy** enquired from the Commission whether it intends to establish a similar process for the development of NAPs on the UNGPs on business and human rights. The **Commission** responded that the current peer review is also intended to discuss the UNGPs.

### *Afternoon session*

#### **Point 6      Non-financial disclosure – N. Bernier Abad, DG MARKT**

The **Commission** (Mr. Nicolas Bernier, MARKT) provided an update on the Commission Proposal for a Directive amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large companies and groups. The proposal was presented in April by the Commission and is currently for adoption in the European Parliament and the Council.

The Commission reported that the JURI committee of the Parliament adopted its report on the proposal on 17 December 2013. The report adds some elements to the Commission proposal. The COREPER agreed on a position on 13 December 2013. This Council position currently suggests the limitation of the scope of the Directive to listed companies.

**CSR Europe** stressed the desire to continue working towards integrated reporting and suggested the establishment of a platform at EU level for capacity building, to review the implementation of the Directive after 2-3 years and to set up an advisory council, which would provide feedback in particular on competitiveness issues.

**France** supported the point on integrated reporting.

**Italy** voiced its disappointment with the Council proposal, suggesting it was too weak.

**ECCJ** and **Amnesty International** stressed the need for integrated thinking and underlined the



need to keep non-financial information reporting in the management report. The organisations voiced their disappointment regarding the Council position to limit the scope of the proposal to listed companies only.

**Business Europe** stated that they were critical of the proposal from the beginning but now aim at working towards a balanced, flexible and mature outcome. They consider the Parliament report as not positive, in particular the added requirements on due diligence and obliging companies to rely on international frameworks. The safe harbor clause regarding sensitive information was judged positively and also that due diligence requirements should only be reported if they are implemented by companies. The Council proposal was viewed more positively, in particular with regard to the scope (listed companies) and the absence of measures for country-by-country reporting. Further, non-financial information should not be audited, integrated reporting was still in its infancy and there was a need for guidelines and sectorial key performance indicators (KPIs).

#### **Point 7      UN      Forum      on      business      and      human      rights,      2-4      December** **Progress with business and human rights national action plans**

The **Commission** (Ms. Sophie Müller) presented a brief summary of the recent UN Forum on business and human rights. The EU and the MS are considered to be in the vanguard of CSR policies. The publication by the UK of a first NAP on the implementation of the “Ruggie” framework confirmed the precursor role of EU MS. DG Enterprise and Industry recalled the report on the existing legal framework for human rights and the environment applicable to European Union companies operating outside the EU commissioned by the EU to the University of Edinburgh, which can be of help in drafting the NAP as regards the third pillar. At the UN Forum, Ecuador launched a call for a legally binding instrument on transnational accountability of companies and was supported by other developing countries.

The **Commission** (Ms. Sue Bird) briefed the high-level group on progress of the business and human rights national action plans (NAP) in the MS. 22 out of 28 MS either have a NAP or have committed to publish a NAP. The key topics covered in these plans are: relations with SOEs, public procurement, making aid conditional, policy coherence, business in conflict areas, as well as some process-related issues such as access to remedy, CSR guidance and trainings.

**CSR Europe** recalled its tool published in 2012 to assess business remedy schemes and translating the UN Guiding Principles from UN into business language. This tool can also be used by MS in their respective NAP.

#### **Point 8      Conclusions**

The **chair** (Egbert Holthuis, Commission/DG EMPL) made the following concluding remarks:

- A long and constructive day was spent, exchanging information and views. He mentioned that the group has existed for 10 years and that whilst some members had been there from the very start, others are looking to get more involved.



- The notes and observations from Member States were very useful and requests by Member States to have more time in the agenda to give updates has been noted.
- The presentation on peer review assessment was very much appreciated and was very comprehensive. The remaining two reports will be shared with participants in due course.
- There were exciting discussions on non-financial disclosure and interesting updates from the Commission about the UN Forum on business and human rights and the progress with business and human rights national action plans.
- He thanked Ms Mueller, Ms Bird, the interpreters and most of all the members of the group for their attendance and promised to follow-up on the different issues raised throughout the day.