

European Parliament resolution on the Commission Green Paper on Promoting a European framework for Corporate Social Responsibility (COM(2001) 366 – C5-0161/2002 – 2002/2069(COS))

The European Parliament,

having regard to the Commission Green Paper (COM(2001) 366 – C5-0161/2002),

- having regard to the Final Report of the High Level Group on the economic and social implications of industrial change, 1998, and the Commission Communication to the Social Partners on Special Restructuring, January 2002,
- having regard to the Conclusions of the European Council of Göteborg, 15 and 16 June 2001, SN200/1/01/REV1,
- having regard to its resolution of 15 January 1999¹ on EU standards for European Enterprises operating in developing countries: towards a European Code of Conduct,
- having regard to its resolution of 25 October 2001² on openness and democracy in international trade,
- having regard to its resolution of 13 November 2001³ on the Commission Communication "Services of General Interest in Europe",
- having regard to the Commission Communication of 15 May 2001 on "A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development" COM(2001) 264,
- having regard to the Commission Recommendation of 30 May 2001⁴ on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies (notified under document number C(2001) 1495),
- having regard to the Commission Staff Working Paper of 27 March 2001⁵ "Consultation Paper for the preparation of a European Strategy for Sustainable Development" SEC(2001) 517,
- having regard to its resolution of 14 November 2000⁶ on the Commission Communication on the Charter of Fundamental Rights of the European Union,
- having regard to its resolution of 25 October 2000⁷ on the Commission Communication on the Social Policy Agenda,
- having regard to Council Directive 84/450/EEC⁸ relating to the approximation of laws, regulations and administrative provisions on the Member States concerning misleading advertising,
- having regard to the Commission Communication of 20 June 2001⁹ on Employment and social policies: a framework for investing in quality COM(2001) 313,

¹ OJ C 104, 14.4.1999, p. 180

² Adopted texts on 25.10.2001, item 14

³ Adopted texts on 13.11.2001, item 12

⁴ OJ L 156, 13.6.2001, p. 33

⁵ Not yet published

⁶ OJ C 223, 8.8.2001, p. 6

⁷ OJ C 197, 12.7.2001, p. 180

⁸ OJ L 250, 19.9.1984

⁹ Not yet published

- having regard to its resolution of 31 May 2001¹⁰ on the Commission Communication on Bringing our needs and responsibilities together: integrating environmental issues with economic policy COM(2000) 576,
- having regard to its resolution of 17 January 2002¹¹ on the Commission Green Paper on integrated product policy COM(2001) 68,
- having regard to Regulation 761/2001 of the European Parliament and of the Council of 19 March 2001¹² allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS),
- having regard to the Commission Communication of 18 July 2001¹³ on Promoting core labour standards and improving social governance in the context of globalisation COM(2001) 416,
- having regard to the 1968 Brussels Convention as consolidated in Regulation 44/2001 of 26 December 2000¹⁴ on jurisdiction and the recognition and enforcement and judgement in civil and commercial matters,
- having regard to the two most authoritative internationally agreed standards for corporate conduct adopted by the ILO: the "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" and the OECD: "Guidelines for Multinational Enterprises", and to codes of conduct agreed under the aegis of international organisations such as the FAO, WHO and World Bank and efforts under the auspices of UNCTAD with regard to the activities of enterprises in developing countries,
- having regard to the ILO Declaration on Fundamental Principles and Rights at Work, 18 June 1998, and its agreement of universal core labour standards: Abolition of forced labour (Conventions 29 and 105), Freedom of association and the right to collective bargaining (Conventions 87 and 98), Abolition of child labour (Convention 138 and Convention 182), and non-discrimination in Employment (Conventions 100 and 111),
- having regard to the United Nations Universal Declaration of Human Rights and in particular its article where every individual and every organ of society is called upon to play its part in securing universal observance of human rights, the 1966 International Covenant on Civil and Political Rights, the 1966 Covenant on Economic, Social and Cultural Rights, the 1979 Convention of the Elimination of All Forms of Discrimination Against Women, the 1994 Draft United Nations Declaration on the Rights of Indigenous Peoples, 1989 UN Convention on the Rights of the Child,
- having regard to the OECD Anti-Bribery Convention (1997),
- having regard to the European Commission Communication (COM(2001) 211 of 11 April 2001¹⁵) on Conflict Prevention, the U.S.-U.K. Voluntary Principles on Security and Human Rights and the development of international certification schemes such as those for diamonds to link trade with conflict prevention,
- having regard to the decision of the European social partners to contribute to the implementation of actions aimed at eradicating all forms of child labour exploitation and to promote the rights of these children throughout the world,
- having regard to the EU framework policy on quality of work, including the elements of gender equality, diversity and non-discrimination, lifelong learning, and career development, worker involvement, and health and safety,

¹⁰ Adopted texts on 31.5.2001, item 10

¹¹ Adopted texts on 17.1.2002, item 1

¹² OJ L 114, 24.4.2001, p. 1

¹³ Not yet published

¹⁴ OJ L 12, 16.1.2001, p. 1

¹⁵ Not yet published

- having regard to the Commission Staff Working Paper of 7 March 2002 on the Environmental Integration in the External Policies of the General Affairs Council (SEC 2002) 271,
 - having regard to Rule 47(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Industry, External Trade, Research and Energy and the Committee on Women's Rights and Equal Opportunities (A5-0159/2002),
- A. whereas all people throughout the world are entitled to work in an environment where their basic human rights, as set out by the Universal Declaration of Human Rights and the ILO Core Labour Standards are fully respected,
 - B. whereas there is a clear basis in international law for extending obligations on companies to respect human rights,
 - C. whereas global consensus is growing inside companies and in investors' circles, that they have a broader mission than only making profits, and that the challenge for success lies in combining profitability with sustainability and accountability; whereas major companies and investors have committed themselves to such broader missions and are engaged in initiatives like the Global Compact to elaborate on that mission,
 - D. whereas European companies must constantly strive to maintain a gender balance, particularly at middle and senior management levels, with regard to the internal dimension of the branches of their business, not only in Europe but also in third countries where they have branches,
 - E. whereas a company's stakeholders are defined as all actors that influence the company or are influenced by the company, and whereas employees remain the primary stakeholders in company activities;
 - F. whereas it is widely recognised by the business community that companies are corporate citizens and need to act responsibly towards all stakeholders, G. whereas companies could play an important role in promoting sustainable development, especially to combat social exclusion and discrimination, reduce environmental impacts, and develop services and products meeting the criteria of design for all,
 - H. whereas only one third of the voluntary codes of conduct on Corporate Social Responsibility world-wide refer to international social standards of the ILO, according to an ILO survey in 1998,
 - I. whereas the broad diversity of voluntary codes of conduct and labels with very different standards and verification mechanisms makes comparison of effective performances problematic, and whereas many of these codes of conduct have been adopted unilaterally by the management of the companies concerned;
 - J. whereas there is increasing consensus that the starting point must be a voluntary approach, without removing the possibility of regulation where appropriate;
 - K. whereas providing and using information on the social, environmental and economic impacts of companies in a format that is authoritative, accessible and transparent; and as far as possible in a manner that facilitates inter-company comparisons of effectiveness, would be an effective foundation to promote corporate social responsibility throughout the European Union;
 - L. whereas there is a growing need for the statistical and quantitative methods in this field to be complemented with the development of a more dynamic dialogue; companies in dynamic dialogue with their stakeholders can more easily and more effectively identify and resolve problems associated with corporate social responsibility,
 - M. whereas an EU framework for corporate social responsibility should build on the experience of the EU EMAS regime, in particular its aim for continuous improvement and independent auditing and verification, but recognising that there can be no 'one-size-fits-all' approach to CSR,

1. Welcomes the Green Paper on Corporate Responsibility, the corresponding consultation process and other Commission initiatives aimed at furthering the CSR debate and promoting Corporate Social Responsibility;
2. Welcomes the huge response to the Commission's consultation as well as voluntary initiatives by companies and employers' organisations, coalitions of NGOs and Trade Unions to promote corporate social responsibility; notes that although these initiatives remain subordinate to national and international legislation, voluntary initiatives promoting the business case for CSR should, nevertheless, be preferred to legislation as a more effective and efficient way of achieving measurable outcomes;
3. Points out that companies are required to implement fully statutory provisions concerning equal opportunities for men and women under the relevant international, European and national legislation; calls on companies to take voluntary measures to ensure a high level of equality between men and women (e.g. through positive action) in order to enhance female potential and guarantee that their subcontractors and suppliers uphold women's rights and provide equal opportunities for men and women;
4. Calls on the Commission to ensure that the practical implementation of its strategy does not detract from efforts to promote clarity in Community action; calls for the administrative requirements which the strategy entails for companies to take account of the Member States' efforts to simplify administration;
5. Emphasises the importance of social partnership of employers and employees and employee representatives both within the company at different levels, and in a broader local, regional, sectoral, national, European and global framework of social dialogue;

Codes of conduct and social reporting

6. Invites the Commission to bring forward a proposal in the appropriate Directive (The Fourth Company Law Directive) for social and environmental reporting to be included alongside financial reporting requirements;
7. Calls on the Commission to include in this proposal proactive encouragement for each company to present, in cooperation with workers' representatives, annual equal opportunities plans which provide information regarding the numbers of men and women at each of the company's organisational levels, possible measures to improve the situation in cooperation with employees' representatives, information for each sex regarding remuneration, promotion and training opportunities and proposals designed to ensure that work is better organised for the purpose of reconciling family and working life;
8. Calls for annual social and environmental impact assessment reports to be independently verified and include all levels of the company, its supply chain and business partners, where appropriate, and to consider proposals being formulated by Social Accountability International, the Clean Clothes Campaign, the Fairwear Foundation, the Ethical Trading Initiative and the Institute for Social and Ethical Accountability on monitoring and verification mechanisms;
9. Calls on the Commission to investigate within the limits of its own competencies and those of the Member States, how far information about companies' social and environmental performance already held by regulatory authorities could be better collated and published;
10. Calls on all European private and collective pension funds to state their ethical criteria in their investment policies;

11. Calls on the Commission to put forward a proposal on social labelling; it should as a minimum be based on criteria such as compliance with human and trade union rights, the work environment, training and development of employees, equal treatment, social and ethical consideration for employees and citizens in the surrounding community; the Commission is also called on to consider whether it is appropriate to introduce common social and environmental labelling;12. Calls on the two sides of industry at European, national and sectoral level to agree on codes of conduct that uphold women's rights particularly regarding (1) equal pay for work of equal value, (2) the quality of women's employment, (3) measures to combat discrimination on recruitment, (4) the adoption of innovative and effective measures to combine family and professional life, (5) the improvement of career opportunities for women, (6) basic and further training opportunities for women enabling them to adapt to technological and economic developments, thereby facilitating their professional reinstatement, (7) health and safety issues and (8) combating duress, mobbing and sexual harassment at the place of work;

An EU Multi-Stakeholder Platform for Corporate Social Responsibility

13. Calls for a proposal to be brought forward for the creation of an EU Multi-Stakeholder CSR Forum, comprising representation from business, trade unions, non-governmental organisations and public authorities including developing country representatives; calls on the Commission to act as facilitator and convenor and supports the idea of a secretariat being provided by the European Foundation for the Improvement of Living and Working Conditions in Dublin;
14. Calls on the Council and Commission to ensure that the EU CSR Forum will offer the opportunity to register voluntary codes of conduct and similar initiatives and verify them against minimum applicable international standards such as the OECD Guidelines for Multinationals and the ILO Core Labour Standards;
15. Calls on the Council and Commission to ensure that their proposals stipulate that Company annual environmental and social impact assessment reports are incorporated in the EU CSR Forum and that companies are encouraged to undertake initiatives based on international standards;
16. Urges the governments of the Member States and the enlargement countries to set up their national contact points for the OECD Guidelines for Multinationals;
17. Observes that dialogue between the two sides of industry acting on their own responsibility is and remains one of the primary concerns of the EU; 18. Calls on the Council and Commission to ensure that information about the processes and requirements of annual reporting, the basic standards applicable to codes of conduct and sample annual reports and codes of conduct are made publicly available, including through a website of the EU Forum for CSR;

A better role for Stakeholders

19. Calls at the next revision of the European Works Council Directive, for a section to be inserted in the supplementary provisions of the directive requiring companies or groups of companies to provide information about the social and environmental impact of their operations; calls on the Social Partners in the sectoral dialogue to consider negotiating new agreements in this respect similar to those achieved in the food, commerce and textile sectors;
20. Considers that the European social dialogue at industry level is a useful instrument for tackling jointly problems associated with the social responsibility of businesses;
21. Calls for the EU CSR Forum on CSR to devise guidelines for wider stakeholder dialogue, drawing from the experience of companies, NGOs, trade unions, academics and governmental authorities in particular; recommending the adoption of existing guidelines such as AA1000;
22. Calls on the Commission to promote multi-stakeholder initiatives and pilot projects in the field of CSR in order to ensure dialogue makes the necessary transition to practise; draws attention in this context to the importance of employee engagement in such initiatives and projects;
23. Recommends that in its Proposal relating to annual social and environmental reporting, companies are asked to

ensure board members are specifically made responsible for CSR, and to explore other changes to corporate governance rules at the European level to promote stakeholder dialogue and the rights of minority shareholders;

24. Urges that measures be adopted to ensure that SMEs can make use of instruments which are appropriate to their specific characteristics and which are genuinely accessible for them in practice;

Mainstreaming corporate responsibility issues in European policies

25. Calls on the European Commission to ensure the basic principles of CSR are fully taken on board in all areas of Community competence, most notably company law, internal market, competition policy, financial market legislation, trade policy, the Common Foreign and Security Policy, and development co-operation policy;
26. Reaffirms its call to the European Commission to set an example of CSR best practice in all of its own operations;
27. Welcoming the decision of the Dutch Government to link access to export credits to companies' compliance with the OECD Guidelines for Multinational Enterprise, calls on the Commission to link incentives for voluntary standards with public sector financial support;
28. Urges the Council to take into account the Parliament's position on the principle of corporate social responsibility in the directive on public procurement;
29. Calls on Commission and Council to take into account the stakeholder approach and other elements of CSR in the further debate on corporate governance and accountability of companies,
30. Calls on the Commission to support and assist corporate watch groups and other civil society initiatives aimed at monitoring corporate behaviour;
31. Calls on the Commission together with the European Parliament to strengthen the reporting requirements for corporate political activities at a European level through a corporate lobbyist public registration system; and to ensure the accountability of all its policy-making committees relating to the corporate sector;
32. Calls on the Commission and the Council to develop Community assistance programmes to third countries in accordance with accepted international environmental and labour standards, and to draw up new projects aimed at facilitating the incorporation of CSR principles into national social and employment legislation by national governments and to include the social partners in this process, and work with labour and environment inspectorates to assure enforcement; furthermore calls on the Commission to support capacity building for southern verification of codes; southern adaptation of international codes to a local context; and southern commentary on corporate reporting and trends in CSR;
33. Calls on the Commission to enforce strong consumer protection measures to uphold the credibility of corporate information in relation to environmentally and socially responsible business practice, in particular applying provisions regarding misleading advertising;

A role for the European Parliament

34. Welcomes and encourages the annual hearings held by the Committee responsible on European enterprises operating in developing countries and urges the Committee to continue with these hearings;
35. Calls for the European Parliament Committee responsible to establish a Working Group on CSR, which should regularly discuss the findings and recommendations at Committee meetings;

CSR issues specific to the European Union

36. Recommends to all companies to apply the provisions laid down in title III of the Council Regulation (EC) N.

2157/2001 of 8 October 2001 on the Statute for a European Company as well as in Directive 2001/86/EC of 8 October 2001 with regard to the involvement of employees;

37. Calls on the Commission to promote the application of corporate social responsibility throughout all services of general interest, and to promote the role of various services of general interest in combating social exclusion and ensuring minimum standards of service delivery;
38. Calls on the Commission to incorporate the notion and principles of corporate social responsibility in the annual Employment Guidelines and into the upcoming evaluation of the European Employment Strategy; and calls on Member States to integrate the principles and social objectives of corporate social responsibility in to their bi-annual national plans for combating social exclusion; and in their annual National Action Plans on employment proceeding from the horizontal objective of high-quality work;
39. Calls for the Social Fund to be used to promote CSR in management training and for other employees, including support for certification procedures and for more socially responsible restructuring; and for the Regional Fund to be made more accessible to companies wishing to pursue private investment opportunities in the most disadvantaged communities and regions; in particular promoting EU funding for 'community development finance institutions' that specifically support local employment initiatives that otherwise find it hard to access finance from commercial bank sources;
40. Emphasises that developing the knowledge and skills of all employees is a crucial part of corporate social responsibility; calls for action to be stepped up further to guarantee life-long learning both at Community and national levels; skills audits as part of company annual social and environmental reports as well as national skills audits are key factors here;
41. Points out that not-for-profit local public services play a vital role in meeting the needs of the victims of social exclusion and that social economy enterprises have accumulated a wealth of experience in the area of social responsibility. Calls on the Commission to complete an inventory of the experience and implementation of social responsibility in the non-profit sector;
42. In particular recommends that Social Economy Enterprises and especially workers and social co-operatives explore the possibility to adopt the 'Bilan Sociétal', as a tool that allows the possibility to take account of social, economic and environmental aspects, as well as stakeholders', sub-contractors' and providers' behaviour;
43. Urges the Social Partners to reach agreement in response to the Communication on Restructuring,
44. Calls on all large companies – as proposed in the Gillenhammer report on responding to change – to draw up in consultation with employees' representatives public annual social reports containing structured information about practices and policies relating to employment and working conditions;
45. Emphasises that companies have a responsibility for preventing their employees from being worn down and ejected from the labour market; prevention through guaranteeing a healthy and safe physical and mental working environment must therefore play a central part in all initiatives to promote corporate social responsibility;

CSR issues specific to Europe's relations with third countries

46. Reiterates its request to the Commission and the Council and the Convention on the Future of Europe to make proposals, as a matter of urgency, to develop the right legal basis for establishing a multilateral framework for European companies' operations world-wide;
47. Welcomes the Commission's intention to support the active promotion of the OECD Guidelines for Multinational Enterprises, invites the Commission to swiftly implement contact points for the OECD Guidelines for Multinational Enterprises in all its delegations in third countries where EU based companies operate – as provided for in the EU 2002 budget for Latin American, Asian and South African countries – , to

make sure the presence of staff sufficiently trained in CSR matters, and to include the result of the work of those contact points in the regular reports of the Delegations to the EU institutions, including the EP; further calls on the Commission to implement the findings of its Conference held in May 2001 with regard to the OECD Guidelines, in particular to develop best practices amongst Member States (for example in relation to the conduct of National Contact Points); to convene meetings at the EU level among NCPs with social partners and NGOs represented, to survey experience with the Guidelines among European Companies, to co-ordinate European input to the OECD meetings on the Guidelines, and to assist accession countries -both so they adhere to the Guidelines and give support to new adherents like Estonia and Lithuania;

48. Calls on the Commission and the Council to take into account the Parliament's position with respect to the implementation of core labour standards and the promotion of international social governance in all areas of Community external activity with particular attention to the application of labour and social standards in international multilateral and bilateral agreements;
49. Calls on the Council and the Commission not only to present a firm proposal for applying the human rights clause, to include, in particular, clear, precise and verifiable mechanisms for monitoring and assessing the human rights situation, in trade agreements with third countries by establishing appropriate compliance mechanisms, and by ensuring that all human rights, social rights, including the right to organise and the right to strike, and all actors are covered, including EU companies, but also systematically to require their application and to report publicly thereon; also asks that sustainability and gender impact assessments be established as part of the process of developing trade policy;
50. Draws attention to the fact that the 1968 Brussels Convention as consolidated in Regulation 44/2001¹⁶ enables jurisdiction within the courts of EU Member States for cases against companies registered or domiciled in the EU in respect of damage sustained in third countries; calls on the Commission to compile a study of the application of this extraterritoriality principle by courts in the Member States of the Union; calls on the Member States to incorporate this extraterritoriality principle in legislation;
51. Asks the Commission to include a reference to CSR into all its proposals for the mandates governing negotiations of cooperation and trade agreements with third countries;
52. Considers that the objective of any WTO negotiations on a multilateral framework for cross-border investment must be to ensure that such investment helps raise standards of living, provokes sustainable development, promotes respect for human rights and contributes to a fairer distribution of the benefits of the global economy;
53. Calls on the Commission and the Council to promote the adoption of equivalent measures outside the European Union by Governments, the United Nations and other multi-lateral bodies, such as the Framework Convention on Corporate Accountability to be considered at the World Summit on Sustainable Development;
54. Calls on the Commission to bring forward specific proposals to promote the contribution of EU companies towards transparency and good governance world-wide, including through the setting up of a blacklist to prevent the tendering for public contracts by EU companies responsible for bribery, for corruption in an EU court of law, similar to that operated by the World Bank, and for non-compliance with minimum applicable international standards (ILO core labour standards, OECD guidelines for multinational companies);
55. Calls on the Commission to include in its White Paper specific proposals to address the role that business can play in relation to conflict prevention world-wide, including the extension of the Voluntary Principles on Security and Human Rights within the European Union and the de-linking of arms purchases and natural resource sales, including the application of the certification schemes such as the Kimberly Process for conflict diamonds;

¹⁶ OJ L 12, 16.1.2001, p. 1

56. In countries with which the EU has established formal relations, through trade or cooperation agreements, in particular as part of the Cotonou Agreement, it must seek to jointly include the subject of corporate social responsibility in their official agenda;⁵⁷ Reiterates its call in its Resolution of 13 December 2001¹⁷ on the Commission Communication on Conflict Prevention (1999), to address the question of the influence which private and public undertakings have in unstable regions by creating a legally binding framework with sanctions for companies that contribute to conflict;
58. Instructs its President to forward this resolution to the Council and Commission.

¹⁷ Adopted texts, item 15