

The European Parliament's contribution to Corporate Social Responsibility

Introduction

The joint EU-Latin America Conference on Corporate Social Responsibility is deeply welcomed in the European Parliament, which has consistently sought to ensure the EU institutions play a leading role in promoting CSR amongst European enterprises and to do so in the context of international dialogue between the European Union and partners in the rest of the world. Concerns about labour rights, environmental despoilation and the impact on indigenous peoples are regularly raised by civil society and the media in Europe concerning the operation of EU companies in Latin America particularly in the extractive industries, agricultural and textile sectors. Meanwhile the European Union and Latin American regions have often collaborated successfully in the UN Human Rights Council and other international institutions responsible for global CSR. This conference provides an opportunity to extend this cooperation to include leading businesses in both our regions, and to directly address in a framework of cooperation the issues of sensitivity raised by both our publics.

Key issues in the CSR debate

i) Definition of CSR

The European Parliament has questioned the definition of CSR adopted by the European Commission which has concentrated on voluntary-only approaches to the CSR debate, which risks neglecting companies' responsibility to also comply with minimum legal requirements and has the unintended impact of polarising companies and other stakeholders. Noting the important change of emphasis adopted by the European Commission in February 2009 and the new definition of Social Responsibility being adopted in the International Standards Organisation, the European Parliament has not chosen to adopt an alternative definition of CSR but rather emphasised the need to depolarise the CSR debate between voluntary and regulatory approaches.

ii) Supporting the Multi-Stakeholder Approach

The European Parliament proposed the setting up of a European Multi-Stakeholder Forum on CSR in 2002. A key aspect of the European approach has been to promote dialogue at all levels of the company in different sectors and with wider business representatives together with other stakeholders: employees and trade unions; local communities; interest groups and non-governmental organisations; investors and public authorities. This is not intended to replace traditional social partnerships between employers and trade unions, which can be utilised for example through framework agreements to promote CSR issues. However there is a recognition of the legitimate part in the debate which can be played by other stakeholders, both to ensure CSR policies are material to the real impacts of the company, and produce concrete improvements based on mutual understanding.

iii) Promoting transparency through CSR Reporting

Integral to moving an understanding of CSR as 'philanthropy' by support to external community development projects, to one of seeking improvements to business practices internal to the economy in managing its environmental and social impacts, has been support for sustainability or 'environmental, social and governance' reporting by business. This has now become the norm amongst major companies in Europe. The European Parliament has further encouraged use of independent verification and reporting according to common methodologies, in particular the Global Reporting Initiative (GRI). The requirement to include social and environmental considerations is already included at a basic level in European financial reporting regulations. The European Parliament has joined several EU Member States in promoting new regulation to advance environmental, social and human rights reporting by business.

iv) Promoting and adhering to global CSR initiatives

The European Parliament has taken a clear stand against developing new EU standards on CSR, and instead places emphasis on strengthening, promoting and implementing existing internationally agreed minimum applicable standards. A proliferation of different voluntary CSR standards is seen as a barrier to implementation, and the European Parliament has supported the aim of convergence of existing initiatives. The most important initiatives include the OECD Guidelines on Multinational Enterprise, the recommendations of the UN Secretary General's Special Representative on Business and Human Rights, and the Heiligendamm Process seeking collaboration between the OECD, ILO and UN Global Compact to find a common set of standards for investment.

v) Promoting CSR through public policy

Successive resolutions of the European Parliament and appeals from European, G8 and G20 leaders, demonstrate that leadership in promoting CSR can be undertaken not simply by business and other stakeholders, but by governments too. The European Parliament and the European Multi-Stakeholder Forum have both called for legal frameworks to reward companies who achieve higher levels of responsibility. The European Parliament has put particular emphasis on using public procurement or purchasing in this respect. It has hosted the UN Special Representative to back his recommendation that trade agreements, bilateral investment treaties, export credits and other public financial support to business from governments and public banks should include mechanisms for 'due diligence' so that human rights obligations are respected by the companies who are beneficiaries.

vi) Working in partnership in the global supply chain

The need for corporate social responsibility is accentuated in an era of economic globalisation, where companies in developed countries such as in the European region find their investments, subsidiaries, suppliers and business partners are situated often in countries with poor human rights

records, corruption, weak regulatory frameworks or even conflict. Increasingly this is true for business in middle income and developing countries around the world. The European Parliament has underlined that CSR should apply to the company's global supply chain, and this conference provides an excellent opportunity for Europe and Latin America to foster cooperation to meet this common challenge.

Conclusion

Different traditions of corporate social responsibility exist in Europe and, I am sure, in Latin America. Such traditions have often existed in business long before the term CSR came to be debated. However, increasing popular opposition to globalisation amongst some in our populations and the fresh challenges created by the financial crisis make it even more important to work together to build economic relations where business responsibility is not simply measured in terms of financial probity, but in the direct contribution business can and must make to combating world poverty, climate change and the other global challenges we all face together.

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Own-Initiative Report

Green Paper on Corporate Social Responsibility

Communication on Corporate Social Responsibility

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