



*Robert Schuman*

*Miami-Florida European Union Center of Excellence*

## **Corporate Social Responsibility: A European Perspective**

**Ramon Mullerat**



**Vol. 13 No.6  
June 2013**

**Published with the support of the European Commission**

## The Jean Monnet/Robert Schuman Paper Series

The Jean Monnet/Robert Schuman Paper Series is produced by the Jean Monnet Chair of the University of Miami, in cooperation with the Miami-Florida European Union Center of Excellence, a partnership with Florida International University (FIU).

These monographic papers analyze ongoing developments within the European Union as well as recent trends which influence the EU's relationship with the rest of the world. Broad themes include, but are not limited to:

- The collapse of the Constitution and its rescue by the Lisbon Treaty
- The Euro zone crisis
- Immigration and cultural challenges
- Security threats and responses
- The EU's neighbor policy
- The EU and Latin America
- The EU as a model and reference in the world
- Relations with the United States

These topics form part of the pressing agenda of the EU and represent the multifaceted and complex nature of the European integration process. These papers also seek to highlight the internal and external dynamics which influence the workings of the EU and its relationship with the rest the world.

### *Miami - Florida European Union Center:*

University of Miami  
1000 Memorial Drive  
101 Ferré Building  
Coral Gables, FL 33124-2231  
Phone: 305-284-3266  
Fax: (305) 284 4406  
Web: [www.miami.edu/eucenter](http://www.miami.edu/eucenter)

### *Jean Monnet Chair Staff:*

**Joaquín Roy** (Director)  
**Astrid Boening** (Research Associate)  
**María Lorca** (Research Associate)  
**Maxime Larivé** (Research Associate)  
**Beverly Barrett** (Associate Editor)  
**Dina Moulioukova** (Research Assistant)

Florida International University  
**Rebecca Friedman** (FIU, Co-Director)

### *International Editorial Advisors:*

**Iordan Gheorge Bărbulescu**, National University, Bucarest, Romania  
**Federiga Bindi**, University Tor Vergata, Rome, Italy  
**Francesc Granell**, University of Barcelona, Spain  
**Carlos Hakansson**, Universidad de Piura, Perú  
**Fernando Laiseca**, ECSA Latinoamérica  
**Finn Laursen**, Dalhousie University, Halifax, Canada  
**Michel Levi-Coral**, Universidad Andina Simón Bolívar, Quito, Ecuador  
**Félix Peña**, Universidad Nacional de Tres de Febrero, Buenos Aires, Argentina  
**Lorena Ruano**, CIDE, Mexico  
**Eric Tremolada**, Universidad del Externado de Colombia, Bogotá, Colombia  
**Blanca Vilà**, Autonomous University of Barcelona

*This paper honors and remembers the author, Professor Mullerat, a dear friend and esteemed scholar, who passed away in June 2013.*

## Corporate Social Responsibility: A European Perspective

By Ramon Mullerat<sup>1</sup>

---

<sup>1</sup> Ramon Mullerat OBE was a lawyer in Barcelona and Madrid, Spain; Former avocat à la Cour de Paris, France; Honorary Member of the Bar of England and Wales; Honorary Member of the Law Society of England and Wales; Former professor at the Faculty of Law of the Barcelona University; Adjunct Professor of the John Marshall Law School, Chicago; Professor of the School of Law of the University of Puerto Rico, Barcelona Programme; Former member of the European Board of the Emory University (Atlanta); Former President of the Council of the Bars and Law Societies of the EU (CCBE); Member of the American Law Institute (ALI); Member of the American Bar Foundation (ABF); Member of the Executive Committee of the North-American Studies Institute (IEN); Member of the Section of International Law of the American Bar Association (ABA); Former Co-Chairman of the Human Rights Institute (HRI) of the International Bar Association (IBA); Expert of the Council of Europe; Member of the Observatory of Justice of Catalonia; Member and Secretary of the Academy of Jurisprudence and Legislation of Catalonia; Member of the London Court of International Arbitration (LCIA); President of the Association for the Promotion of Arbitration (AFA); President of the Council of the International Senior Lawyer Project Europe (ISLP-E); Former Chairman of the Editorial Board of the European Lawyer; Member of the Editorial Board of the Iberian Lawyer.

This paper is partly based on chapter 23 of his book International Corporate Social Responsibility. The Role of Corporations in the Economic Order of the 21<sup>st</sup> century, 2010 and European Commission's CSR. National Public policies in the European Union, 2010.

*“In a more globalized, interconnected and competitive world, the way that environmental, social and corporate governance issues are managed is part of companies’ overall management quality needed to compete successfully. Companies that perform better with regard to these issues can increase shareholder value by, for example, properly managing risks, anticipating regulatory action or accessing new markets while at the same time contributing to the sustainable development of the societies in which they operate...”*  
*Who Cares Wins: Connecting Financial Markets to a Changing World, UN Global Compact, 2004.*

### **1. Corporate social responsibility (CSR) diverse approaches**

CSR grows at different rhythms. CSR varies from continent to continent, country from country, sector from sector and corporation from corporation. The Responsible Competitive Index (RCI) from the UK NGO Accountability and the Brazilian Business School, Fundação Dom Cabral, looks at how countries are performing in their efforts to promote responsible business practices and issues periodical indexes about such performances. The RCI’s index for 2007 analysed 108 countries (96% of global GDP). The analysis showed that more advanced economies do better in this area. The top 20 countries, by the ranking order of best performance, were the following: 1 Sweden, 2 Denmark, 3 Finland, 4 Iceland, 5 UK, 6 Norway, 7 New Zealand, 8 Ireland, 9 Australia, 10 Canada, 11 Germany, 12, Netherlands, 13 Switzerland, 14 Belgium, 15 Singapore, 16 Austria, 17 France, 18 USA, 19 Japan, and 20 Hong Kong, etc. However, it is important to bear in mind that advanced economies have often moved their more dirty industries to other parts of the world where there are less stringent environmental and social standards. As a result, other countries may be polluting on their behalf, and the indexes do not factor those in.<sup>2</sup>

---

<sup>2</sup> Simon Zadek and Alex MacGillivray (editors), “The state of responsible competitiveness 2007: making sustainable development count in global markets”, Accountability, July 2007, cited by Shah Anup, “CSR”, Global issues, 7 July 2007.

## **2. CSR in Europe**

### **1. General overview**

The European Union (EU) has been the continent that first became a convert to the CSR movement. Several reasons fare for this. Although innumerable abuses took place along its history, in Europe there have been traditionally more CSR consistent values, norms and perceptions than in other areas of the world; European corporations have tended to hold stronger and broader approaches to stakeholder relations; and that network is being established to help many companies share and diffuse relevant information about CSR<sup>3</sup>.

Through CSR, corporations importantly contribute to the EU's treaty objectives of sustainable development and highly competitive social market economy.

### **2. Milestones of CSR in Europe**

The milestones of CSR in Europe are the following:

- a. 1995, the European Business Manifesto Against Social Exclusion, when the President of the European Commission ('EC') and a group of European companies launched a Manifesto and defined a level playing ground for businesses. This Manifesto led to the creation of a European Business Network.
- b. 1998, the first CSR Europe Advisory Board, including IBM, Johnson & Johnson and Shell is created.
- c. 1999, the European Parliament resolution calling for a binding code of conduct to govern EU companies' environmental, labour and human rights compliance world-wide.
- d. 2000, the Lisbon Summit, where the EU heads of state made the commitment to: "make Europe the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010".
- e. 2000, call of EU heads of State for business to support CSR as part of the Lisbon Agenda.
- f. 2001, the EC Green Paper on Promoting a European Framework on CSR<sup>4</sup> covering a wide range of topics, including responsible actions during corporate restructuring, promoting 'work/life balance' and corporate codes of conduct and social rights.
- g. 2002, the EC First Communication on CSR, "a business contribution to sustainable development"<sup>5</sup> that laid the foundation for a common understanding of CSR in Europe which was aimed at delivering the objectives of the Lisbon Strategy. "Companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis".
- h. 2002, the European Parliament votes for a new legislation to require companies to publicly report annually on their social and environmental performance, to make board members personally responsible for these practices and to establish legal jurisdiction against European companies' abuses in developing countries<sup>6</sup>.

---

<sup>3</sup> Global Industrial and Social Progress Research Institute (Japan), "Sustainable socio-economic system and CSR", Research Committee Report.

<sup>4</sup> EC, COM (2001) 416 final.

<sup>5</sup> EC, COM 2002/347.

<sup>6</sup> European Parliament: European criteria for companies operating in developing countries LDCs: towards a European Code of Conduct, INI/1998/2075.

- j. 2002, the EC launches the EU Multi-stakeholder Forum on CSR to exchange good practices and assess common guidelines.
- k. 2003, a Council Resolution calls upon Member States (“MS”) to promote CSR at a national level, to continue to promote dialogue with social partners and civil society, to promote transparency of CSR practices, to exchange information and experiences and to integrate CSR into national policies.
- l. 2004, the EC embarks on a consultation process inviting the European Multi-stakeholder Forum on CSR reports on common principles of CSR in the EU. Since the Forum excluded all reference to regulation and mandatory measures, trade unions and NGOs, the Forum is boycotted.
- m. 2005, the EC organises a conference on SMEs<sup>7</sup>.
- n. 2006, the Second EC Communication entitled “Implementing the partnership for growth and jobs: Making Europe a pole of excellence on CSR”<sup>8</sup>, which led to a greater interaction between the EU and the Alliance. It added two important initiatives, namely the Multi-stakeholder Forum and an integration of CSR into European policy.
- o. 2007, a EU Parliament Report answering the EC Communication and calling the Commission to implement a more pragmatic approach to CSR taking measures that actually work, either voluntary or mandatory, to address specific issues.
- p. 2007, the First High Level Meeting of the European Alliance in which commissioners met with business leaders to discuss progress. The European Alliance for CSR is an open partnership focusing on providing support for companies in the developing world of CSR
- q. 2007, UNDP/EU Conference “CSR in the New Europe: challenges and solution”
- r. 2008, the EC presents the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan with a series of proposals to contribute to improving the environmental performance of products and increase the demand for more sustainable goods and production technologies.
- s. 2009, the EC convenes a meeting of the European Multi-stakeholder Forum on CSR, with 250 key stakeholders to review the progress made on CSR and to discuss future initiatives.
- t. 2011, the EC publishes a new policy on CSR. To fully meet their social responsibility, enterprises “should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders” (see 5 below).
- u. 2012, two studies were conducted for the EC. The first deals with the state of the art in CSR reporting in the EU. The second provides an overview of issues with regard to responsible supply chain management.

### 3. Events to be highlighted

Out of the above CSR events in Europe, the following should be highlighted:

- i. The Lisbon European Summit 2006.
- ii. The EC Green Paper “Promoting a European framework for CSR” of July 2001
- iii. The EC Communication of 2 July 2002 concerning CSR: A business contribution to sustainable development<sup>9</sup> [COM (2002) 347 final.
- iv. The EC Communication “Implementing the partnership for growth and jobs: Making Europe a pole of excellence on CSR” 2006<sup>10</sup>.

---

<sup>7</sup> CSR EMS Forum.

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

<sup>9</sup> [COM (2002) 347 final

<sup>10</sup> COM (2006)136 final.

- v. The EC policy October 2011 for enterprises to fully meet their social responsibility to have in place a process to integrate social, environmental, ethical and human rights concerns into their business.

#### 4. Contrasting positions in Europe

In spite of the interest in CSR in the EU among businesses and governments, a clear divide of opposite positions has existed. Essentially, the EC took a position of rejecting regulation and putting the emphasis on voluntary measures for business, while the European Parliament, together with NGOs and trade unions, has been demanding mandatory regulation and reporting of corporations' social and environmental impacts and transparency.

However, CSR, as viewed by the EC, remained a voluntary initiative for European business to practice that goes beyond what is required by law. Since 2001, there have been a number of initiatives around CSR led by various EC Directorates Generals in order to raise awareness and understanding among stakeholders and the general public<sup>11 12</sup>.

### 3. Overview of some European countries' approaches

#### I. United Kingdom

The UK is justly considered to be a leader in CSR; home to some of the world's leading thinkers, practitioners and campaigners in this field. A study made in 2006<sup>13</sup> concludes that there are several reasons for this: the UK is home and headquarters of a number of the big accountancy firms; an environmental NGO community pioneering engagement with business; a sophisticated journalistic class; the UK's experiences of some of the privatization processes and of the industrial revolution; two powerful Anglo-Dutch drivers in the shape of Unilever and Shell; the Quakers, Rotary International, the Freemasons and the notion of 'benign industrialist'; the insurance industry, an important driver of change after the asbestos claims; internationally, the UK's government 'unique role ... because of its international positioning and its colonial past' –which has proved valuable in launching initiatives such as the Voluntary Principles on Security and Human Rights and the Kimberly Process Certification Scheme. According to a Capital Care report<sup>14</sup> over ¾ of the London business agree that their organizations should do more than the law requires on the environment and over 1/2 think they should do so on social objectives. A key indicator of CSR in the UK is the amount of financial resources given by companies to society (1/2 to 1% of their pre-tax profits to charity)<sup>15</sup>.

The government has put pressure on companies in terms of improving disclosure, for example, Tony Blair challenging the top 350 companies to produce social and environmental reports. In 1999, the

---

<sup>11</sup> CSR Report published by European Parliament, March 2007.

<sup>12</sup> Richard Howitt, European Parliament spokesman for CSR, "The European contribution to CSR", European Agenda, 03/2008: "the EU Parliament continues to be at the forefront of seeking real progress. In its resolution of March 2007 we agreed that Europe must stop viewing this as an internal issue and instead strive to become a true global leader. Yet today, if we are honest, the EU falls far short of the EC's stated goal for Europe to become a 'pole of excellence on CSR'".

<sup>13</sup> Halina Ward and Craig Smith, "CSR at a crossroads: Futures for CSR in the UK to 2015", International Institute for Environment and Development, 2006.

<sup>14</sup> Quoted by Stephen Timms UK MP, "CSR", speech 2 December 2002.

<sup>15</sup> ePolitics.com, "Forum Brief: CSR. In response to a request from trade minister Stephen Timms, ePolitics.com Forum members have set out their view on CSR", 15 January 2007.

Combined Code (the Turnbull Report) was issued according to which all listed companies must comply and the Pension Review 2000 called for institutional investors to consider their position on SRI.

The government also appointed a minister for CSR. The government also published a sustainable development strategy in 2005 and a sustainable procurement action plan in 2007<sup>16</sup>. The UK's Climate Change Act of 2008 has created a new approach to managing and responding to climate change. The Act sets legally binding GHG emission reduction targets for 2020 (reducing GHG emissions by 34 %) and for 2050 (by at least 80 %).

The UK has passed a number of regulations designed to complement voluntary initiatives to encourage CSR, such as the 2000 Amendment to the Pensions Act, requiring occupational pension funds to disclose the extent to which they take account of CSR issues in their investment decisions; the law that makes it illegal to bribe someone overseas, pursuant to the OECD Convention on bribery of foreign public officials.

The Companies Act 2006 compelled directors to act in the interests of the company's shareholders, but taking into account the wider interests of stakeholders<sup>17</sup>. It also required companies to provide information in their annual report on their strategies, performance and risks (the so-called Business Review). Quoted companies additionally should disclose, to the extent necessary for an understanding of the business, information on environmental, workplace, social and community matters in their annual reviews, as well as information about any policies in relation to these matters and about the effectiveness of those policies.

NetReg, a partnership between environmental regulators in the UK: the Environment Agency in England and Wales, the Scottish Environment Protection Agency and the Northern Ireland Environment Agency, conducted a "SME Environment" survey in 2007 in the UK with the aim to reveal the environmental attitudes and behaviours of SMEs.

## II. France

French corporations are increasingly becoming active on CSR practices<sup>18</sup>. Several case studies reveal that the overall picture in France is one of moderate development of CSR due to the existence of a system of state regulations and agreements governing labour relations. There is, however, evidence of important initiatives going beyond legal requirements in many areas.

Some laws and regulations affecting CSR were passed in France at the beginning of the 21<sup>st</sup> century:

- The Law on Employment and Saving Plan of 19 February 2001, which asks fund managers to take into account social, environmental and ethical considerations in the choice of investments.
- The Law on New Economic Regulations of 15 May 2001, which requires listed companies to introduce environmental and social information within their yearly reports to shareholders.
- The Law on Retirement Reserve Funds of 17 July 2001, which requires environmental and social information to be introduced in the yearly reports of retirement funds.

The "Observatoire sur la Resposabilite Societale des Entreprises" set up in June 2000 is a network designed to study and promote social responsibility related to sustainable development.

There are other initiatives starting in France. It is interesting to note, for instance, that in 2007, 1700 French companies signed the "Diversity Charter", a business initiative launched to fight discrimination<sup>19</sup>.

---

<sup>16</sup> Laura Maanvilja and Jani Lopez, CSR Europe, European Agenda, March 2008.

<sup>17</sup> See Chapter 16, I, 2.

<sup>18</sup> Ariane Berthoin and André Sobczak, "CSR in France", Business & Society, 2007, vol. 46, no. 1, 9-32.

<sup>19</sup> www.charte-diversite.com. See Laura Maanvilja and Jani Lopez, CSR Europe, European Agenda, March 2008.



The Grenelle Environment Forum, initiated by President Sarkozy in 2007, has helped shape a ‘five-way dialogue’ to address environmental issues through business, trade unions, NGOs, government and local authorities<sup>20</sup>. It provided a basis for CSR public policy, and took place in six working groups representing the government, local authorities, nongovernmental organisations, management and labour, to address the following: 1. fight against climate change and control energy demand; 2. preserve biodiversity and natural resources; 3. establish a health-friendly environment; 4. adopt sustainable production and consumption methods; 5. develop an ecological democracy; 6. promote ecological development methods benefiting employment and competitiveness”. In France, an inter-ministerial CSR coordination committee was created in 2009 chaired by the “Commissaire national du Développement Durable”.

France has also launched several actions to support SMEs’ CSR initiatives. For example, the “Centre des Jeunes Dirigeants”, a group of 3,300 managers, mainly from SMEs, in the development of a methodology for a “Global Performance Standard” (GPS). GPS, started in 2008, is based on the concepts of corporate citizenship, social and environmental responsibility, involvement of stakeholders and other relevant CSR topics. Furthermore, in 2007 the French government launched the website “Travailler mieux”, to improve working conditions specifically targeted at SMEs.

In July 2010 France introduced a reference system concerning best practices for transparent disclosure of the social conditions in which goods are produced and provided in the subcontracting chain. The system is expected to improve product traceability.

### III. Germany<sup>21</sup>

CSR in Germany is still in its infancy when it comes to the adoption of CSR principles in businesses, individualisation of CSR campaigns and pressure to encourage more CSR work in German organisations<sup>22</sup>. Here are some developments worth mentioning:

- the German government plans to make the country’s first trademark for good business behaviour, as a complement to “Made in Germany” as a global brand.
- the Humboldt University held the 3rd International CSR Conference in Berlin. The focus was on CSR and global governance.
- the German government has also shown an interest in CSR by starting a complete website called “CSR in Germany”.

As it happened in other countries, in Germany the debate on CSR was originally focused first on environmental protection. The concept of CSR reached Germany only in the 1990s and has only recently become a widely discussed issue at a governmental and society level. The Federal Government developed a transparent CSR concept to implement a multi-stakeholder forum. A Federal Ministry for Employment and Social Affairs was created as the centre for all CSR issues, which has launched initiatives, such as:

- CSR – an orientation from an environmental perspective (2006), Sustainable Development in Enterprises, Management Tools for the Implementation of CSR and Corporate Sustainability (2007);
- round-table for a Code of Conduct for German enterprises doing business in developing countries, in particular, regarding standards for local suppliers;

---

<sup>20</sup> Laura Maanvilja and Jani Lopez, CSR Europe, European Agenda March 2008.

<sup>21</sup> See CCBE CSR Guide, 2008.

<sup>22</sup>.com, CSR (CSR) in Germany – Part 1

- the Federal Government took decisions with regard to: indication of the regions of origin of consumer products; introduction of additional publication obligations for enterprises with regard to their compliance with environmental and social standards; and introduction of the obligation that suppliers of German enterprises comply with environmental and social standards.

Large corporations have also to report in their annual report on non-financial indicators as far as they have an impact on the success of the enterprise.

The Council for Sustainable Development, an advisor to the government with regard to CSR, presented in 2006 the report “Corporate Responsibility in a Globalized World – a German Profile of CSR”, followed by a multi-stakeholder conference in 2007.

German industry created also a joint platform in order to enhance the exchange of information between corporations and stakeholders. The German Industry Association participated in the European Alliance for CSR and in ‘open coalitions of cooperation’ and ‘laboratory meetings’ formed under the umbrella of this Alliance.

Econsense –the German business forum for sustainable development- and companies such as Sap, Evonik and Basf have launched a CSR laboratory project on demographic change<sup>23</sup>.

In October 2010, Germany's first National Engagement Strategy and the National Strategy for CSR (Action Plan for CSR) was adopted to: improve the coordination of the civic engagement policy projects conducted by Germany's federal, state and municipal governments; integrate foundations and the civic activities of business enterprises; boost recognition of and appreciation for the work done by volunteers and improve conditions for volunteer work.

#### IV. Italy

The financial and banking sectors are a particularly important driver of CSR movement in Italy. SMEs play also an important role in local communities and the Italian economy as a whole. The general framework for CSR behaviour and strategies consists of the EC Green Paper 2001. Within this framework, three main issues can be highlighted: spontaneous experiences from companies and other players; the innovative project called CSR - Social Commitment, developed by the Ministry of Labour and Social Affairs; and a survey that is the starting point of an ongoing process of investigation regarding CSR attitudes in Italy<sup>24</sup>.

CSR topics are high in the agenda and include corporate governance and measuring CSR progress and diversity. Impronta Etica, an Italian business network for CSR, and the employment agency Obiettivo Lavoro, are leading a CSR Laboratory on recruitment and ethical management of foreign workers<sup>25</sup>.

The Italian Centre for Social Responsibility, an independent think tank established by the Italian government, published in 2008 a collection of good practices on “Health and Safety in Italian SMEs– a socially responsible approach”.

#### V. Spain

Spanish companies consider corporate reputation, competitive advantage and industry trends to be the major driving forces of CSR. Initiatives undertaken by the EU have influenced companies' decision to implement CSR. Associations and forums that bring together the heads of leading corporations, business schools and other academic institutions, NGOs and the media are actively practising and promoting CSR.

<sup>23</sup> [www.demographicchange.info](http://www.demographicchange.info). Laura Maanvilja and Jani Lopez, CSR Europe, European Agenda, March 2008.

<sup>24</sup> Antonio Tencati, “CSR in Italy: State of the Art: Journal of Business Strategies, 1 April 2006.

<sup>25</sup> Laura Maanvilja and Jani Lopez, CSR Europe, European Agenda, March 2008.

Although the degree of implementation of CSR in Spain is still moderate, initiatives in this field from some of the country's most respected companies augur promising developments in CSR in the near future<sup>26</sup>.

In Spain the work of saving banks ('cajas de ahorro'), now transformed into banks, has been remarkable, since these organizations, active and powerful in the financial industry, devote a great portion of their incomes to social causes. There are several centres devoted to the dissemination of CSR. The Chair for CSR, a joint venture of "la Caixa" and the business school IESE, must be highlighted. Media groups, like Media Responsible, dedicated to the promotion and dissemination of business responsibility and sustainability need also to be mentioned here.

Since the vast majority of Spanish companies have fewer than 50 employees, it is important for the government to foster a culture of CSR among SMEs in particular. In February 2010 the Ministry of Labour and Immigration issued an order on the promotion of CSR with particular reference to SMEs. Based on the order, awards are granted for activities to promote CSR issues. The focus of the order is on the development of studies, seminars, conferences and reports to disseminate CSR issues among SMEs. In March 2011, Spain approved the Sustainable Economy Act. It contains various measures related to CSR linked to transparency (like the disclosure of the remuneration of company directors), and others linked to sustainability in the management of state-owned companies. It also includes a provision on the promotion of CSR. Chapter VI creates incentives for companies, in particular SMEs, to incorporate or develop CSR policies.

Even non-public and non-economic entities are leading CSR initiatives to become references in the country. This is the case, for instance, of the Monastery of Poblet, a Cistercian monastery of 32 monks in Catalonia –one of the elements of the World Cultural Inheritance- that has engaged in a process of ecological conversion with an ecological management of water, energy, food, waste and improved landscape.

## VI. Sweden

The Scandinavian countries are 'welfare states' where the state intervenes in all aspects of life including issues of economy. The view that government must act as arbiter of business responsibilities to society is well expanded. Scandinavians accept that in the past, government successfully controlled externalities regarding the environment, safety at work and competition provisions. This explains why Scandinavian management adheres more to the regulation and control model rather than to the deregulation model suggested by Milton Friedman.

The model of non-shareholder interest representatives is also expansively used in Scandinavia with particular emphasis on employee representation. This model is also imposed by state regulation and necessitates the representation of employees, the local community, consumers and the environment, in the company's meetings<sup>27</sup>.

The Nordic Council, integrated by Denmark, Finland, Iceland, Norway and Sweden, launched the "Nordic CSR Compass tool" in 2010. The informational instrument is intended to foster responsible supply chain management and also by giving SMEs guidance on creating codes of conduct.

---

<sup>26</sup> Domenec Mele, CSR in Spain: An overview, IESE Business School, 2004.

<sup>27</sup> Broberg, M.P., "CSR in the European Communities –The Scandinavian view, Journal of Business Ethics, vol. 15, 1996, pp. 615-622, cited by Constantina Bichta, "CSR. A role in government policy and regulation?", University of Bath, September 2003. Broberg expects that the membership of Scandinavian countries in the EU will increase the enforcement of regulation and control as well as the representation of non-stockholder interests across the EU industrial sector.

Sweden has a long experience on the CSR movement. Since 1979, it has carried on a continuous dialogue with the social partners concerning CSR. The government distributed a handbook on the Guidelines to the business community based on internationally agreed conventions in human rights, core labour standards, sustainable development and corruption. One of the main financial supporters of CSR in Sweden is the Swedish International Development Cooperation Agency, the Swedish Business Development Agency and the Swedish Consumer Agency. There are also three major corporate partnerships working towards CSR: Swedish Partnership for Global Responsibility, CSR Sweden, and UN's Global Compact. In 2008 Sweden had 20 reporters towards the GRI guidelines. A recent decision has made mandatory for all 55 state companies to report to the GRI standards<sup>28</sup>.

Since January 2008, Swedish state-owned companies have been required to publish a sustainability report in accordance with the GRI guidelines. The sustainability reports need to be quality-assured by independent checks. Reporting for state-owned companies is independent of size or industry, and is based on the "comply or explain" principle. The financial report is required to explain how the GRI guidelines have been applied and to comment on any deviations.

The key to the success of CSR in Sweden is that businesses are prepared to invest financial resources in socially CSR initiatives. Even in an economic environment of increasing competition and tough conditions, Swedish companies are finding that they can directly link CSR to long-term profitability<sup>29</sup>.

## VII. Denmark<sup>30</sup>

Denmark has also been active in the CSR field for a long time. CSR in Denmark evolved from emphasizing the promotion of 'the inclusive labour market' to the emphasis on an 'international approach to CSR' and 'strategic CSR', which is a key concept in the Government Strategy to Promote CSR as launched in May 2008. The government stressed that CSR shall be approached using the framework provided by the UN Global Compact, appreciating also the Global Compact proposed 'principle-based approach'<sup>31</sup>.

The Copenhagen Centre is an autonomous institution established by the Danish government in 1998 to encourage voluntary partnerships between government and business so as to promote social cohesion and opportunities for the less privileged to be self-supporting, active and productive citizens. In May 2008 the government published its "Action Plan for CSR". The aim is twofold: to promote CSR among businesses, and to promote sustainable growth both domestically and internationally. The action plan comprises 30 initiatives in four areas: propagating business-driven social responsibility; promoting businesses' social responsibility through government activities; the corporate sector's climate responsibility; and marketing Denmark for responsible growth. The action plan is characterized by three strengths. First, it presents a smart mix of CSR instruments, ranging from informational web tools like the CSR compass or partnering instruments like the Council on CSR to legal instruments such as the much debated legislation on reporting. Second, it sees CSR as a means for improving competitiveness and thus stresses the business case for CSR. Third, Denmark is a strong supporter of international CSR initiatives, as is evident from its support for the UN Global Compact and the UN Principles for Responsible Investment.

---

<sup>28</sup> Richard Howitt, "The European contribution to CSR", European Agenda, March 2008.

<sup>29</sup> Survey by Energy Dalen, "CSR in Sweden", 12 May 2005.

<sup>30</sup> CCBE CSR Guide, 2008.

<sup>31</sup> Confer the UNGC Geneva Declaration, 2007, paragraph 10:

[http://www.unglobalcompact.org/docs/summit2007/GENEVA\\_DECLARATION.pdf](http://www.unglobalcompact.org/docs/summit2007/GENEVA_DECLARATION.pdf).

In 2008, the parliament passed a law requiring all large companies to publicly report on their CSR. While the law does not require the 1,100 companies it impacts to actually be socially responsible, the hope is that by requiring companies to be more transparent about their CSR efforts, public pressure and desire for competitive advantage will motivate companies to enhance their "triple bottom line" of people, planet and profit. In 2008 also, the Danish government launched a web-based tool, the "Climate Compass", which offers guidance to companies preparing a climate strategy that reduces their GHG emissions step by step. The Climate Compass also presents case studies disseminating information on how companies have reduced their climate impact and used it to strengthen their competitiveness.

#### VIII. Central and Eastern Europe

These countries have experienced unbelievable development during twenty years politically, environmentally and socially. The level of CSR activity is much related to the economic activity of the area. CSR is relatively new but is rapidly spreading, in particular as part of their integration in the EU as well as under the influence of TNCs and foreign investors. Changes in broader business environment have shaped the development of CSR. Government involvement in CSR issues is diverse across Central and Eastern European countries. Foreign TNCs have often been key corporate drivers of social agenda. NGOs and the media tend to have limited ability to put pressure on business and government.

Some CSR key topics in this area are community involvement, corporate governance, public-private partnership and welfare<sup>32</sup>. Studies reveal that CSR in these countries is not very developed due to the recent social and political transformation and privatisation but there is evidence of a willingness and commitment to the idea.

An example is Poland. The research project "Sustainable production models in the activity of SMEs" is to be noted. The Agency for Enterprise Development is supporting the implementation of sustainable production models in SMEs. The aim of the project is to develop recommendations and proposals with regard to potential legislative and institutional instruments to spur the implementation of sustainable production patterns in SMEs. The project will comprise qualitative and quantitative search on the implementation of sustainable production patterns by SMEs and the analysis of case studies. The project "Modnie i Etycznie" ("Ethical Fashion") by Polish Humanitarian Action focused attention on the problems occurring in the supply chain in the fashion industry, by organising training sessions for consumers, as well as teachers and lecturers from academia. 2009 also saw the establishment of "Clean Clothes Polska", an informal alliance of organisations agitating for improved working conditions in the global clothing industry, as well as increased social responsibility and engagement in CSR on the part of companies and consumers alike.

#### Difference between Europe and United States of America

The notion of CSR emerged in the US as a reaction to the rapid growth of capitalism, which appeared in the 1870s. At the beginning of the 20<sup>th</sup> century, the appearance of large corporations and the era of the 'robber barons' (businessmen who illegally amassed large fortunes) led to the development of the anti-trust movement and the corporate social contract doctrine<sup>33</sup>. In response to such phenomenon,

---

<sup>32</sup> Laura Maanvilja and Jani Lopez, CSR Europe, European Agenda, March 2008.

<sup>33</sup> An example is the words of a US judgment Hale v. Henkel, 201 U. S. 43 (1906): "... a corporation is a creature of the state, and there is a reserved right in the legislature to investigate its contracts and find out whether it has exceeded its powers".

corporations emphasized philanthropy and some forms of CSR in order to sustain that government regulation was unnecessary<sup>34</sup>.

As corporations grew, the US government assumed responsibility for correcting social behaviour of big corporations as early as the 1890s and it passed laws on child labour, safety at industrial sites and on workers' rights to form trusts. American corporations became more aware of their public responsibilities after the US Supreme Court declaration in 1906 "the corporation is a creature of the state. It is assumed incorporate for the benefit of the public. It receives special privileges and franchises and holds them subject to proper government supervision"<sup>35</sup>. The government passed legislation on labour protection, public utilities and banking services during the 19<sup>th</sup> and in the early 20<sup>th</sup> centuries. Trying to distance themselves from government intervention, entrepreneurs like Lowell, Ford and Rockefeller laid education in the centre of the relationship between individual and corporate responsibility.

In a modern econometric comparative study of the stock performance between the US and the EU made by Urs von Arx and Andreas Ziegler<sup>36</sup>, such investigators reached the conclusion that environmental and social activities of a firm compared with other firms within the industry are valued by financial markets in both regions. However, there are some differences, for instance, the respective positive effects on average monthly stock returns appear to be more robust in the US than in Europe. Some US commentators<sup>37</sup> disagree with the evolution taken by CSR in the EU especially after the EC Strategy 2011-2014 in October 2011 (see 6 next). They consider that pursuant to such strategy, corporations are no longer business but "rather an agency administering the distribution of "shared value" to its "triple bottom line" constituencies: its shareholders, stakeholders (including employees, customers and suppliers) and society at large", particularly when ISO 26000 Guidance Standard on Social Responsibility extends its reach to global commercial networks providing goods and services to EU companies and commands to extend CSR into a nation "sphere of influence" and to "avoid complicity"

#### **4. The European Commission's renewed EU CSR strategy 2011-2014**

On October 2011 the EC published a renewed EU strategy 2011-14 for CS to support entrepreneurship and responsible business.

The strategy redefines CSR, its benefits to an organisation and the role of different sizes and complexities of organisations in applying internal and external CSR practices. The action plan for 2011-2014 includes supporting best practices and encouraging dialogue and dissemination of responsible business conduct through the supply chain, to contribute to the success of Europe's 2020 Growth Strategy.

The new policy states that to meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, and ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders".

---

<sup>34</sup> Judith Richter, Holding corporations accountable: Corporate conduct, international codes, and citizen action, London, Zed books, cited by Ray Broomhill, "CSR: Key issues and debates", Dunstan Paper, no. 1/2007.

<sup>35</sup> R. Nader, M. Green and J. Seligman, The corporate impact, issues in business and society, Steiner G, Steiner J. (editors) (2<sup>nd</sup> ed.), Random House, 1997, pp. 22-35, cited by Constantina Bichta, "CSR. A role in government policy and regulation?", University of Bath, September 2003.

<sup>36</sup> Urs von Arx and Andreas Ziegler, "The effects of CSR on stock performance: New evidence for the USA and Europe", Center for economic research at ETH Zurich, Economic working paper series, no. 08/85.

<sup>37</sup> James Roberts and Andrew Markley, "CSR: New EU Strategy threatens US and European Companies", The Heritage Foundation, 22 November 2011

a. The new policy puts forward an action agenda for 2011-2014 covering 8 areas:

- Enhancing the visibility of CSR and disseminating good practices: this includes the creation of a European award, and the establishment of sector-based platforms for enterprises and stakeholders to make commitments and jointly monitor progress.
- Improving and tracking levels of trust in business: the EC will launch a public debate on the role and potential of enterprises, and organise surveys on citizen trust in business.
- Improving self- and co-regulation processes: the EC proposes to develop a protocol to guide the development of future self- and co-regulation initiatives.
- Enhancing market reward for CSR: this means leveraging EU policies in the fields of consumption, investment and public procurement in order to promote market reward for responsible business conduct.
- Improving company disclosure of social and environmental information: the new policy confirms the EC's intention to bring forward a new legislative proposal on this issue.
- Further integrating CSR into education, training and research: the EC will provide further support for education and training in the field of CSR, and explore opportunities for funding more research.
- Emphasising the importance of national and sub-national CSR policies: the EC invites EU MS to present or update their own plans for the promotion of CSR by mid 2012.
- Better aligning European and global approaches to CSR. The EC highlights:
  - the OECD Guidelines for Multinational Enterprises,
  - the 10 principles of the UN Global Compact,
  - the UN Guiding Principles on Business and Human Rights,
  - the ILO Tri-partite Declaration of Principles on Multinational Enterprises and Social Policy,
  - the ISO 26000 Guidance Standard on Social Responsibility
  - rather than rules, if good governance flows from values, it is important to state them and live them. CSR is an external expression of those values.
  - corporate governance is going beyond the traditional core governance functions to incorporate the values dimension. Part of the governance process is determining what kind of corporate citizen the company seeks to be; CSR is part of this exercise

b. Redefinition of CSR

The EC's earlier definition, adopted in 2001, called for companies to integrate "social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis." The 2001 definition explicitly recognized CSR as voluntary and implicitly recognized the validity of the business objective: Companies are primarily businesses but are encouraged to address social and environmental issues arising in the course of operations and dealings with employees, customers, and other stakeholders. By contrast, the new strategy proclaims a "Modern Understanding of Corporate Social Responsibility" in which CSR becomes the defining purpose of the company. The new strategy describes the aim of CSR as "maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large"<sup>38</sup>.

---

<sup>38</sup> James Roberts and Andrew Markley, "CSR: New EU Strategy threatens US and European Companies", The Heritage Foundation, 22 November 2011

c. Monitoring commitments on international principles

The EC will monitor the commitments made by EU enterprises with more than 1,000 employees to take account of internationally recognised CSR principles and guidelines, and will take account of ISO 26000 Guidance Standard on Social Responsibility in its own operating practices.

d. The EC invites:

- i. large European enterprises make a commitment by 2014 to take account of at least one the UN Global Compact; the OECD Guidelines for TNCs; or ISO 26000.
- ii. all European-based TNCs to make a commitment by 2014 to respect the ILO Tri-partite Declaration of Principles Concerning MNEs and Social Policy.

In 2012, the EC will develop human rights guidance for some sectors, including SMEs, based on the UN Guiding Principles on Business and Human Rights, and publish a report on EU priorities in the implementation of the principles. The EC expects enterprises to address their human rights responsibilities and requests that MS develop by 2012 national plans for the implementation of these principles.

e. Revising directives

Revision of both the Transparency Directive (2004/109/EC) to cover listed companies and the Accounting Directives (78/660/EEC and 83/349/EEC) to cover large non-listed companies is also planned, with an new obligation to report payments (taxes, royalties and bonuses) made by large extractive (oil, gas, mining) and logging industries to governments all over the world through a system of country-by-country Reporting.

## **5. CSR Public Policies in Europe**

The European Commission updated Compendium 2011 of public policies on CSR in the EU offers a snapshot of CSR activity in EU countries, which can be summarized in the following paragraphs:

### I. Adoption of action plans and strategies

One way to establish a CSR-supporting policy framework is to adopt CSR action plans and strategies. These are central and public documents that define a government's general approach to CSR, set priorities for actions and coordinate a set of existing and new policy instruments. In the last decade, the EC has been an active player in promoting CSR in the EU MS through communications, meetings, studies and other initiatives.

Properly implemented, they can be a first step towards a public CSR policy, especially for countries that cannot build upon a long CSR tradition. CSR action plans were adopted by Belgium in October 2006, Hungary and the Netherlands in 2007, Bulgaria in 2009, Denmark in 2008, and Germany in 2010. One should distinguish between an implicit and an explicit CSR policy framework. The implicit framework refers to institutions that are not called CSR but nevertheless supportive of it (like legal institutions such as a constitution or labour law or government policies such as environmental or higher education regulations). By contrast, the explicit framework consists of all those institutions that were originally designed to promote CSR (like organisations that were set up by government in order to deal with CSR). In principle, the explicit CSR policy framework is meant to provide a more strategic and consistent approach to CSR.



## II. Responsible Supply Chain Management (RSCM)

Supply Chain Management (SCM) is integral to business and competitive advantage, especially in the production sector. The supply chain encompasses all activities associated with the flow and transformation of goods from raw materials stage, through to the end user, as well as the associated information flows. Managing a supply chain involves a series of companies that work together as suppliers, logistics providers and customers to deliver a product or service. RSCM is an approach to SCM that takes into account social, environmental and economic considerations. Human rights (HR) responsibilities are at the centre of this triad. John Ruggie, UN Special Representative on Business and HR, highlights the state's duty to protect, the corporate responsibility to respect and access of victims to remedies as the core pillars of his framework. In this regard, RSCM offers a mechanism to anchor corporate responsibility in a specific business process and at the same time extend it beyond company gates along the supply chain.

The holistic concept of CSR includes the responsibility of corporations across their (international) supply chains. Important EU policy documents, such as the EC's Communication on CSR (2006), as well as all MS, reflect in their CSR approaches policies and statements to the effect that the scope of responsibility is broadened through the supply chain. In these documents, RSCM is cited as a mechanism for delivering CSR, including in regions and countries that lie outside the legislative boundaries of the EU. As an implementation instrument for CSR, RSCM is rarely the focus of policy frameworks or specific initiatives. CSR initiatives focus instead on topics such as HR, corruption or child labour, and refer to RSCM as a mode of delivery and an extension of the corporate duty to respect.

“Companies should pursue social responsibility internationally as well as in Europe, including through their whole supply chain.” This statement in the EC's Green Paper on Promoting a European Framework on CSR (2001) indicates the EC's early leadership regarding CSR and RSCM. The EC's Communication on CSR 2006 reasserts that mainstreaming CSR efforts also must involve “assisting enterprises to integrate social and environmental considerations in their business operations, especially those in the supply chain”.

Promoting the issue of RSCM and HR, the EC's Directorate-General for Enterprise and Industry commissioned a study of the University of Edinburgh on the “existing legal framework for HR environmental issues applicable to EU companies operating outside the EU” which report analyzed how labour laws can address corporate violations of HR (i.e. supply chain and subcontracting relationships). In 2009 the EC hosted a meeting of the Multi-stakeholder Forum on CSR that brought together business, trade unions, MS, and representatives of NGOs. Through this partnering instrument, the EC aimed to review global CSR progress and develop future joint initiatives particularly with regard to the UN framework. One panel focused on the leverage of supply chains to support HR and decent working standards. Finally, the EC also engages in hybrid instruments, such as the Portal for RSCM, which is part of the European Alliance for CSR, which includes 260 companies. Its RSCM platform provides, among others, information concerning RSCM, best practices, codes of conduct and international frameworks. The survey of MS representatives regarding their countries' initiatives for RSCM and HR highlighted the importance of the OECD and its Guidelines for Multinational Corporations. Most MS emphasised their activities in the framework of the OECD and the work of the OECD National Contact Points as important policy contributions.

## III. CSR reporting

The number of companies disclosing information on their environmental, social and governance (ESG) performance has grown significantly in recent years. On a worldwide level, the annual global reporting output increased from almost zero in 1992 to a total of 4,000 reports in 2010; and despite the financial crisis, the growth rate of ESG reporting slowed only marginally during 2009. Although these numbers

document a significant increase, it has to be kept in mind that reporting companies still constitute only a small share of global business, with its roughly 82,000 multinational enterprises and over 23 million SMEs. According to the Modernization Directive, companies are required to analyse non-financial key performance indicators relevant for the particular business, including information relating to environmental and employee matters.

For reporting on non-financial information, the EU has several mandatory instruments with implications for all MS, such as the Modernisation Directive, the European Pollutant Release and Transfer Register, the EU Emission Trading Scheme and the Integrated Pollution Prevention and Control Directive. Besides these mandatory instruments, the EU Eco-Management and Audit Scheme (EMAS) has mandatory implications for reporting on environmental issues for those companies that register with EMAS. The EU Accounts Modernisation Directive 2003/51 amended the Accounting Directives and stipulates that from 2005 onwards European companies “shall to the extent necessary for an understanding of the development, performance or position, include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters”. Another amendment of the Accounting Directives (Directive 2006/46) introduced an obligation for listed companies to include a corporate governance statement in their annual reports. By 2009 all MS had transposed the Modernisation Directive and most of them Directive 2006/46 in their national laws.

Some countries are using financial or economic instruments to foster CSR reporting. One example is Spain, which under the Sustainable Economy Act created incentives for companies to include or develop CSR policies, including reporting. The Act stipulates that the government shall provide companies, especially with guidance and indicators that provide support for self-assessment in relation to their social responsibility cooperation with the State Council on CSR.

#### IV. Contribution to tackling climate change

Businesses’ contribution to tackling climate change in sectors such as power generation, industry and manufacturing, transport, retail or building focuses on innovation and investment in clean technologies, products, services, or production processes such as those related to energy efficiency, renewable energy or sustainable mobility.

In its Europe 2020 Strategy, the EC sets out the priority of sustainable growth based upon a more resource-efficient, greener and more competitive economy. MS see major opportunities in the move to a low-carbon economy such as the strengthened competitiveness of companies and the creation of “green” jobs in industry sectors related to climate protection. Ever more companies recognize that tackling climate change will create a competitive advantage for them, with the potential to prosper in a low-carbon and resource-efficient economy.

A possible way to inform about businesses’ GHG emissions is to introduce easily accessible online tools. As part of the Grenelle law of 2009, ADEME introduced a new version of the carbon footprint software “Bilan Carbone” in 2010, a multi-step tool for assessing GHG emissions. After GHG emissions are assessed, a module measures the company’s vulnerability to fluctuations in energy prices and exposure to the taxation of GHG emissions. In 2009, 2,000 carbon assessments were carried out by companies (85 %), communities (10 %) and administrations (5 %). A subsidy accounting for 50–70 % of the cost of such assessments can be requested by SMEs.

#### V. Small and medium-sized enterprises (SMEs)

The 23 million SMEs in the EU provide around 75 million jobs and account for 99 % of all enterprises. SMEs are important drivers of economic growth, social cohesion and regional and rural development in the EU. Hence, in order to fulfill the CSR social, environmental, and economic objectives, an active

contribution of SMEs is vital. The European Multistakeholder Forum on CSR in 2004 found that “we know relatively little about the scale and impact of CSR amongst SMEs”. The Small Business Act for Europe from 2008, which is a key policy document on SME policy, recognized sustainable development as a key challenge for SMEs in response to which they need to adopt more sustainable production and business models. The actions outlined are designed to support SMEs as well as social economy enterprises since most of them are made up of SMEs. Similarly, in the EU 2020 Strategy the EC stresses the importance of CSR among SMEs for growth, job creation and sustainable the collection and exchange of ideas and experience on how best to support CSR among SMEs.

Since CSR was created primarily by and for larger companies, several EU public policy initiatives aim both to familiarize SMEs with the concept through practical approaches such as good-practice examples and to generate information for policymakers on the key CSR challenges SMEs face. In 2007 the EU presented the report “Opportunity and Responsibility”, which highlights ways in which SMEs can best embrace CSR.

Furthermore, the EC funded the Leonardo da Vinci project Sustainability and social responsibility through learning in SME with the aim to transfer and further develop an innovative methodology based on the Balanced Scorecard approach (a strategic performance management tool) to the development of a CSR strategy within SMEs in Europe. Partners from Bulgaria, Cyprus, Latvia, Lithuania, Portugal, Spain and Romania participated in the project between 2008 and 2010.

Greece launched two projects related to EMAS in 2010 under the operational programme “Competitiveness and Entrepreneurship” cofunded by the European Regional Development Fund. The first project, “Green Infrastructure 2010”, includes activities with regard to the implementation of an environmental management system (EMS). Micro-enterprises and SMEs in the manufacturing sector are eligible for finance. The second project, “Green Enterprise 2010 aims to create favourable condition for integrating environmental concerns in the operation of enterprises.

#### V. Socially Responsible Investments (SRI)

The roots of SRI can be traced to the UK where in the 1920s the Methodist Church avoided financing companies which invested in the production of alcohol and gambling. SRI combines investors’ financial objectives with their concerns about social, environmental, ethical (SEE) and corporate governance issues. Europe represents the most dynamic region for SRI. Total SRI assets under management in Europe reached €2.665 trillion in the end of 2007. (21) Over two years – from 2005 to 2007 – the compound annual growth rate of the SRI market amounted to 42 %. SRI assets (17.6 % of the asset management industry in Europe).

In 2010 the EC launched a Europe-wide public debate on how to ensure adequate, sustainable and safe pensions as well as on how the EU can best support national efforts. Subsequently, the EC will analyse all responses and consider the best ideas for future action addressing these issues at the EU level. As well, in 2010 the European Transparency Code will be drafted in order to harmonise the response process across Europe and improve the visibility of the Code and the unds’ responses. This code aims to create more clarity on the principles and processes of SRI mutual funds; its development was financed by the EC.

Pension funds are oriented towards the long term in their investment decisions; they manage substantial amounts of assets and could be a leading example for other market players in considering SRI. Seven EU MS currently have specific national SRI regulations in place that cover their pension systems: UK (2000), France (2001), Germany (2001), Sweden (2001), Belgium (2004), Austria (2005) and Italy (2004). In 2008 the French government asked the ”Additional Civil Servants’ Pension Scheme” to manage all of its funds according to SRI standards. In other MS disclosure requirements on pension funds are still being discussed.

Another example is the Belgium's law against financing of Weapons, 2007, the first country to publish a law forbidding the financing of the production, trade and use of anti-personnel mines and cluster munitions, and with it a prohibition of financing any Belgian or foreign company that produces or otherwise operates such weapons. It also forbids granting any kind of credit, loan or bank guarantee to such companies. A similar law on depleted uranium weapons was enacted in June 2009.

## VII. Education and CSR

CSR in education means systematically integrating CSR issues into curricula, teaching, and learning processes. Educational initiatives can be addressed at different levels of education: primary education understood as the first five to seven years of formal, structured education; secondary education understood as middle schools, lyceums or high schools; higher education understood as undergraduate and postgraduate education in colleges and universities; vocational education understood as technical education which prepares people for careers that are based in manual or practical activities; and other education that focuses on lifelong learning and may include executive or management education in universities and professional adult education and training aimed at employees

A 2008 global survey conducted by the Academy of Business in Society, the European Foundation for Management Development and Nottingham University Business School identified both positive and negative trends in CSR in higher education. Overall there was evidence that CSR was gaining traction as a legitimate subject in management studies. Undergraduate programmes tended to include a foundation course on the role of business in society, while there was a clear rise in the number of specialised Master's programmes and support for Ph.D. students in this field. However, at business schools there was little evidence of mainstream progress in MBA and general Master's programmes or in executive education offerings. This may be because many higher education institutes see CSR and sustainability as a stand-alone part of the business and economics curriculum, and not a critical "game-changing" factor in the global and European economies

In 2009 the Council adopted the "Strategic framework for European cooperation in education and training", which emphasizes the key role of education in achieving a prosperous, fair and environmentally sustainable future for Europe. In the Polish education system, spreading knowledge about the principles of sustainable development was included in the Education System Act as well as in a regulation on core curriculum for pre-school education and on general education in particular types of schools contains numerous provisions referring to sustainable development and sustainable production and consumption. In Finland, environmental questions are included in school curricula, such as the national core curricula for vocational studies (2008–10) coordinated by the National Board of Education. The goals of education for sustainable development in Finnish national core curricula are to increase understanding of the connection between human well-being, the economy and protection of the environment, and to establish vocational education that provides the prerequisites for the more sustainable development of industry branches. In Spain, the State Council on CSR has set up in 2008 a Working Group on Education and CSR to strengthen and promote CSR policies. It is the framework of reference on this issue to the incorporation of CSR in CSR in universities and business schools and curricular innovation and research. The document is expected to be approved by the Plenary Session of the State Council on CSR and available in the last quarter of 2010.

Germany has also launched some initiatives aimed at promoting CSR in education. For example, the Federal Government aims to further strengthen networks between schools and business such as the existing SCHULEWIRTSCHAFT network run from the Federal Ministry of Economics and Technology and the Netzwerk SchuleWirtschaft Ostdeutschland project of the Federal Ministry of the Interior. The

EC Strategy 2011 encourages MS education establishments to integrate CSR at secondary school and university level. European business schools are encouraged to sign the UN Principles for Responsible Management Education. By mid-2012 Member States are invited to develop or update their plans or actions to promote CSR.

### VIII. Public procurement and CSR

There are two fields where government assumes a more active role, namely, investing and consuming. Public procurement worth €2 trillion annually amounts to some 17 % of the EU's gross domestic product. Public procurement therefore has considerable potential to support CSR among European businesses. There are three conceptions of public procurement. The broadest conception is sustainable public procurement (SPP), under which public authorities seek to achieve an appropriate balance between the three pillars of sustainable development – economic, social and environmental – when procuring goods, services or works. Green public procurement (GPP) is the process in which public authorities take environmental concerns into account in tendering for goods, works and services. Finally, socially responsible public procurement (SRPP) refers to procurement operations that take into consideration the promotion of employment opportunities, decent work conditions, social inclusion and social economy, SMEs, accessibility and design for all, fair and ethical trade issues, and wider voluntary adherence to CSR, while respecting the principles of the EU's treaty and of the EU public procurement directives.

For many years the EC has been a driving force of GPP and, to a lesser extent, SRPP in Europe. In its 2003 Communication on “Integrated Product Policy: Building on Environmental Life-Cycle Thinking” it stressed the importance of GPP and called on MS to introduce National Action Plans on GPP. A year later the Council and the European Parliament adopted two directives aimed at clarifying, simplifying and modernizing existing European legislation on public procurement.

Directives 2004/18/EC and 2004/17/EC provided MS with the legal basis for including environmental and social considerations in the contract-award process. Thus, the two directives facilitate GPP and SRPP, but do not mandate them. Since implementing this hallmark regulation the EC has been promoting the voluntary uptake of GPP policies among EU MS. Most of these initiatives are informational in nature, which means that they include guidelines, toolkits, awareness campaigns, communications, studies and evaluations. In July 2008, the EC published “Public procurement for a better environment”. This communication set a target whereby 50 % of all public tendering procedures should comply with common core GPP criteria by 2010.

In July 2010 the EC made available a second set of GPP criteria for eight new product groups. A new procedure had been adopted in April 2010 to develop the new criteria in order to make the process more transparent and to enhance synergies among various policy instruments. In addition to the AG, a larger informal group of national GPP experts has already been operating for several years, primarily discussing broader GPP policy issues

Portugal's Green Framework Agreements Portugal is the only EU MS in which GPP is legally binding. Its NAP for 2008–10 sets some criteria and targets. In 2010 they became part of the framework agreement are mandatory for the whole of the central public administration and optional for local procurement authorities. The ANCP was set up in 2007 to centralize the procurements of the national government and to promote GPP. It oversees compliance with the GPP National Action Plan targets by seeing the letters of commitment and reports on inclusion of GPP in submit to the ANCP as well as a track of their own launch tenders network that centralizes information on the acquisitions of each ministry.

Another example is the UK's Small Business Research Initiative (SBRI), a pre-commercial procurement scheme that was first launched in the UK in 2001. It was significantly revised in April 2009. The new SBRI programme aims to use government procurement to drive innovative products and services

to meet the future procurement needs of departments. The SBRI thus also aims to support early stage, high technology SMEs by providing them with greater access to research and development opportunities comprehensive information on a wide variety of environmental aspects and labels.

## **6. The Danish Presidency**

Denmark assumed the Presidency at a time when the EU is traversing a period of turbulence. The task for the Danish Presidency will be to bring together and strengthen the EU through concrete results that will bring the EU forward and prove the value and necessity of European cooperation to citizens of Europe.

At the Summit on 8–9 December, important decisions were taken to stabilize the euro, including the agreement on a “fiscal compact”. The enhanced discipline which the “fiscal compact” aims at is well in line with the priority of the Danish Presidency regarding “A responsible Europe”. By working for a responsible, dynamic, green and safer Europe, the Presidency will prepare Europe for the future economically, socially and environmentally. The Danish Presidency has four priorities:

1. A more responsible Europe. To bring Europe out of the crisis, prevent new crises and focus on strengthening growth and job creation in the time ahead. All EU MS must implement the necessary measures to consolidate public finances and carry out the necessary reforms. This is a precondition for restoring market confidence in the EU economies, for getting out of the crisis, and for embarking on the path to growth. Therefore, at the European Council on 9 December, important decisions were taken to enhance fiscal discipline with a view to ensuring economic stability. The Presidency must also contribute to ensuring an up-to-date and responsible Multiannual Financial Framework for the period 2014-2020.

2. A more dynamic Europe. To create a more dynamic European economy by further developing the unexploited potential of the Single Market through efforts regarding the 12 key priorities of the Single Market Act. The Single Market is to be brought into the digital age by making it easier and safer to trade on-line and by lowering roaming prices across borders. Strengthening of research and innovation efforts must also contribute to this. As part of the further development of the Single Market, to secure respect for employees’ rights by ensuring that rules regarding pay and working conditions are complied with.

3. A greener Europe. The aim is to create growth without increased resource and energy consumption. In recent years, the EU has developed an ambitious energy and climate policy which means that the EU is taking the lead at global level. To work for a focused 7th Environmental Action Programme and an ambitious European energy policy up to 2050 with improved energy efficiency and increased use of renewable energy. In addition, there is a need for a strong European voice at the Rio+20 UN conferences in the work on adopting a roadmap for a sustainable restructuring of the world economy. Furthermore, to work towards integrating energy, climate and environmental considerations in more EU policies, for example the Common Agricultural Policy, the Common Fisheries Policy, the Common Transport Policy, and the Single Market.

4. A safer Europe. To ensure a more effective fight against international crime and terrorism as well as a well-functioning Common European Asylum System and stronger Schengen cooperation, thereby achieving more secure control at the EU’s external borders.