

The European Commission's strategy on Corporate Social Responsibility (CSR) 2011 – 2014: achievements, shortcomings and future challenges

SP contribution

The Confederation of Industry of the Czech Republic (SP) welcomes the Commission's public consultation on the European Commission's strategy on Corporate Social Responsibility (CSR) 2011-2014: achievements, shortcomings and future challenges. This consultation is launched to receive feedback on the implementation of the Commission's most recent policy on CSR outlined in the Communication "*A renewed EU strategy 2011-2014 for CSR*" (COM(2011) 681). It will provide input for the Commission's work on the direction of its CSR policy after 2014. The SP is pleased to participate in discussions on the design of the future CSR policy based on voluntary approach and companies' role in CSR.

The role of the Commission in CSR

The SP and its membership have been active in CSR at national, European and international levels. The SP is of the opinion that the Commission should engage minimally in a policy on CSR. The Commission's emphasis on CSR is seen as sufficient. The most important actors in promoting CSR to date have been the private sector (companies, business associations) and public beneficial organizations focusing on issues of motivation to ethical behavior and CSR as a tool for sustainable growth.

About the Commission's activities in CSR

Even though the Commission has raised its activities in CSR, the overall impact of the Commission's policy on CSR is not found to be useful by business. The most important contributions of the CSR Communication (COM(2011) 681) have been the following ones: emphasizing the importance of CSR with companies and the society as a whole, enhancement of visibility (CSR awards, MSF platforms) and publication of guiding material on CSR.

In the 2011 CSR Communication (COM(2011) 681), the Commission outlined an agenda for action which includes eight priority work streams:

1. Enhancing the visibility of CSR and disseminating good practices (European CSR awards, multi-stakeholder platforms);
2. Improving and tracking levels of trust in business;
3. Improving self- and co-regulation processes;
4. Enhancing market reward for CSR (consumption, public procurement and investment);
5. Improving company disclosure of social and environmental information;
6. Further integrating CSR into education, training and research;
7. Emphasizing the importance of national and sub-national CSR policies;
8. Better aligning European and global approaches to CSR (Focusing on internationally recognized CSR principles and guidelines, implementing the UN Guiding Principles

on Business and Human Rights, emphasizing CSR in relations with other countries and regions in the world)

Business finds enhancing the visibility of CSR and disseminating good practices to be very important and the Commission to be very successful in this area because of a good co-operation with business (CSR Europe, BUSINESSEUROPE, Multi-stakeholders Forum).

Improving and tracking levels of trust in business, improving self- and co-regulation processes and enhancing market reward for CSR are seen to be important and the Commission is found to be somewhat successful in all these areas. Trust in business has been undermined by the new legislation focused on a higher transparency. Modern business is transparent and any further legislation in this direction is counterproductive. The Commission would be more successful by supporting companies in self-regulation rather than creating new forms of co-regulation. At the present, companies themselves are primarily devoted to CSR and achieved results and success are more output of their own efforts than anything else.

Improving company disclosure of social and environmental information is seen to be less important and the Commission is found to be somewhat successful in this area. The Commission's initiative is redundant. There is already a good regulatory framework ensuring transparency of companies. The new regulation is imposing new administrative and financial burdens on companies. Companies are involved and active in CSR because they perceive it as their "value added" to the society. Creating more burdens can lead to companies' dislike for CSR activities.

Further integrating CSR into education, training and research is also seen to be important, but the Commission is not found to be successful in this task. CSR should be taught more at schools and the Commission should be more active in this area in co-operation with member states. In the academic area, there are currently many different views on what CSR means. A common approach, clarification and common understanding would be helpful to both the companies for setting up their strategies and the society for understanding what CSR is and what can be expected.

Emphasizing the importance of national and sub-national CSR policies is perceived as important. The Commission was somewhat successful. The Commission's attention should be concentrated to raising the awareness at the EU and national levels rather than to creating ceaselessly new and new legislation. If there are any national strategies set, there shall be first stakeholder dialogue and an impact assessment as well as some kind of a monitoring mechanism that ensures that the EU and national strategies are in conformity and not going against each other or setting up new regulations.

Better aligning European and global approaches to CSR focusing on internationally recognized CSR principles and guidelines is seen to be important. The Commission was very successful, it co-operates very well with the ILO and the OECD. The voluntary nature of CSR should be guaranteed at all levels to ensure its success and implementation by business. Adaptation of international norms and general information on CSR in accordance with the needs of various companies (small and big ones

from various sectors, average companies and leaders in CSR) is a difficult (and expensive) task requiring co-operation across companies and national or European bodies.

Better aligning European and global approaches to CSR emphasizing CSR in relations with other countries and regions in the world is perceived as important, the Commission was only somewhat successful though. The Commission is successful in exporting CSR principles in co-operation with the third countries. No further activities are needed in this direction.

Better aligning European and global approaches to CSR implementing the UN Guiding Principles on Business and Human Rights is seen as less important. In this field, the Commission should be very careful and sensitive respecting the nature of the different global instruments and should not go beyond them, particularly in the field of human rights the approach set-up in the Prof. Ruggie's "Protect, Respect, Remedy" Framework has to be respected.

Even though a number of good activities was realized, there can be found shortcomings or activities missing in the agenda for action of the 2011 CSR Communication (COM(2011) 681). There is a very low emphasis placed on the role of business and companies and their unique contribution. Private sector is the main driver of CSR activities both in times of crisis as well as in times of recovery.

Outside the agenda for action, CSR gave an important impetus for other policy initiatives in education, employment, environment and innovation. There were also other initiatives with an impact on CSR: the Youth Guarantee, the Proposal for a Quality Framework for Traineeships, Re-thinking education.

Future issues on CSR

The role of the Commission in CSR should be: raising the awareness and visibility of CSR, bringing stakeholders together around key CSR issues, supporting companies in implementing CSR.

Main objectives for the future EU policy on CSR should be the following ones (listed according to importance):

- To work on better education on CSR (business schools, universities, etc.);
- To support companies in adhering to CSR principles, e.g. through guiding material;
- To raise the visibility and importance of CSR amongst all societal actors;
- To achieve an international global level playing field, through e.g. third country cooperation, engagement in international fora etc.;
- To promote transparency measures on CSR (e.g. reporting, sustainable responsible investment etc.);
- To enhance market reward for CSR (e.g. through public procurement, investment or consumer policies);
- To strengthen the cooperation with EU member states and regions on CSR;
- To implement the UN Guiding Principles on business and human rights (*of the lowest importance*).

The business sees the following challenges as the main ones for an EU policy on CSR in the future:

- To create conditions for companies to be socially responsible recognizing specificities of small and medium sized enterprises;
- To ensure non-binding approach and “healthy” level of regulation and reporting;
- To support member states’ public administration bodies in their non-legislative initiatives enhancing CSR;
- And to support solutions enabling businesses to address social and environmental challenges.

Other challenges include enhancing visibility (CSR awards, MSF platforms), raising awareness, particularly in relation to the environment and transparency, publish guiding materials on CSR, sharing experience openly, award companies increasing ethical level of doing business in a bold and systematic way and not increasing regulation.

CSR has an important impact on the medium- and long-term competitiveness of the EU economy. CSR has an important impact on the sustainability of the EU economy as a whole. Nevertheless, it is necessary to perceive the development in CSR not only at the European level, but also in the global context. It is necessary to track and perceive CSR development and support in other economic centers of the world like the US, China etc.

CSR is important for companies. CSR activities are important for company’s good image vis-à-vis workers and employees, suppliers, customers and investors (improved trust and loyalty of customers and the public; increased loyalty, productivity, personal responsible behavior of employees, their attitude to work and to assigned tasks; increased value and credibility of the brand; information on stability for business partners and index companies; two-way payment moral etc.).

CSR is also important for society. Many big companies are the main employers in the region or locally, establishing and supporting schools and child-care facilities, promoting cultural events and environmental activities, engaging in volunteering etc. Building good relationship with civil society is essential, companies are aware of their impact, creating shared value through co-operation and projects could bring “value added” to companies and society. At the level of business, long-time CSR behavior brings significant savings, loyalty, productivity, high-risk behavior reduction. It is necessary to assess CSR impact both on the EU economy and in the global context (in relation to the US, China etc.).

CSR brings benefits to society in the forms of safety of production facilities and operations, biodiversity and environment protection, motivation for other companies and institutions to responsible operation within responsible behavior, responsibility of employees for tools and devices, confidence of citizens, solving of crisis situation, protection of citizens against harmful or dangerous products or damaging behavior, help to communities in the vicinity of companies, employment etc. In the upshot it is about changing the way of thinking from living now to taking other generations’ living into consideration.

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