

Brussels, May 10th 2007

The recently approved report “**Corporate Social Responsibility: a new partnership**” of the European Parliament gives renewed momentum to the CSR debate at the EU level. In the framework of the upcoming G8 meeting, we invite the European Commission to take the EP’s demands seriously. As recommended in the EP resolution, which secured wide support from all major groups in the plenary session, the Commission must take a leading role in carrying out research and imposing concrete measures aimed at establishing a level playing field on CSR, compelling corporations to behave responsibly.

The EP has strongly called on the Commission to overcome the current logjam between voluntary and mandatory approaches to CSR. For the EU to truly become a “poll of excellence” for CSR, we believe the Commission must explore a regulatory framework as well as support voluntary business initiatives in order to enhance the contribution of CSR to respect human rights, environmental protection, labour standards and development policies

The EP’s resolution shows that many stakeholders, not only NGOs, agree with the idea of setting standards in order to establish a level playing field for corporations, allowing consumers, investors and job-seekers to reward responsible companies and incentivise those less responsible to improve their behaviour. In particular, the resolution mentions extending legal obligations to some key aspects of corporate accountability, such as directors’ duties, foreign direct liability, environmental and social reporting, and mandatory disclosure for lobbyists. It is important to note that many of the issues merely require **better implementation of already existing EU policies and legislation**, rather than new regulations.

In this context, the undersigning organisations call on the Commission to:

- Evaluate the current state of transposition into national law of the existing Fourth Council Directive 78/660/EEC and Directives 2003/51/EC and 2003/71/EC on reporting, accounts modernisation and prospectuses and to assess the effectiveness of its implementation in order to look into the creation of a standardised EU system of environmental and social reporting, alongside financial reporting;
- Establish mechanisms of foreign direct liability to penalise European companies for violations in third countries, giving victims of corporate crimes the possibility to seek redress against European interests in European courts¹;
- Extend the responsibility of companies’ directors to their impacts on local communities and the environment, in line with already existing legislation in some Member States, for example the Companies Act 2006 in the UK, and as a complement of the proposed EU Directive on Environmental Crime;
- Evaluate the transposition of EU public procurement Directives 2004 into national law with views to a possible revision of the directives that could provide a more comprehensive framework for national governments on how to include social and environmental concerns in public procurement policies at national, regional and local levels;
- Uphold already existing CSR tools like the OECD Guidelines for Multinational Enterprises and the ILO’s Tripartite Declaration in all its CSR policies by linking subsidies and public procurement policies to adherence to these CSR tools;

¹ UN Secretary General’s Special Representative for Businesses and Human Rights, John Ruggie, has just indicated in his latest report to the UN Human Rights Council the existing protection gap for individuals and has called on policymakers of all states to address it. Such liability system already exists in the US: the Alien Tort Claim Act and also the Commission recently agreed on the EU Directive on Environmental Crime, which includes elements of liability for “green” crimes of European companies in third countries.

- Develop a proposal for the creation of an EU Ombudsman on CSR to undertake independent inquiries on CSR issues at the request of stakeholder groups and companies;
- Develop a clear proposal of how to integrate CSR issues into the Commission's Corporate Governance Action Plan;

We are conscious of the moderate success attained by voluntary approaches to CSR. However, upholding international Human Rights treaties, ILO conventions, international environmental agreements and abiding National legislation cannot be seen as voluntary. Standards, regulations and accountability measures need to be applied and/or introduced broadly so European businesses can show real pride in holding the highest social and environmental standards worldwide. As many businesses and industry sectors are already declaring², the lack of minimum standards on CSR is creating a disincentive for progressive companies to further improve and widen their CSR commitments.

We are convinced that tackling climate change, delivering sustainable development, promoting and defending human rights, respecting biodiversity, and creating growth and jobs, all goals to which the EU has a strong commitment, will only be successful if Corporate Accountability (CA) and Corporate Social Responsibility (CSR) are fully integrated and implemented in all relevant EU policies.

We sincerely hope that the Commission will not ignore the European Parliament's resounding message and we reiterate our commitment to continuing dialogue with the European Commission. We are available to meet at a date and time of your convenience to discuss the above mentioned recommendations, detail the Commission's follow-up plan on the EP's report proposals and establish ways in which we can better cooperate in the future.

We thank you in advance for your attention and we look forward to hearing from you,

Best regards,

² Just to mention the most recent, on a hearing on CSR in the EP, January 23rd, the Business Leaders Initiative on Human Rights stated that "minimum standards are essential for a level playing field to be developed in this area"; also CECED, the Household appliances industry representatives launched on March 21th a call for legislative measures on energy efficiency of appliances instead of voluntary agreements between the Commission and the household industry.