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NOTE

from :	Presidency
to :	The Council (Employment, Social Policy, Health and Consumer Affairs)
Subject :	Corporate social responsibility (Other business item) - Written information from the Presidency

Delegations will find attached a note on the above subject, presented by the Presidency with a view to the Council session (EPSCO), on 6-7 December 2004.

European Conference on corporate social responsibility, 7-9 November, Maastricht

The Dutch presidency - in close collaboration with the European Commission - hosted a European Conference on corporate social responsibility in Maastricht. 700 participants, representatives of businesses, ngo's, trade unions, governments and the academic world, from the European Union and other (developing) countries participated in this Conference .

The presidency and several member states were represented by ministers of Social Affairs and Employment, of Foreign Trade, of Development Cooperation and of Housing, Spatial Planning and the Environment.

The importance of achieving a balance between economic growth, social cohesion and sustainable development as a basis for competitiveness and higher productivity has been underlined in the EU Lisbon strategy, and was at the core of this European conference. Participants underlined that business, social partners, civil society, governments and the academic world have to effectively work together to realise this. The growing importance of SME's in this field was underscored as was the fact that responsible behaviour by companies and individuals from boardroom to shop floor has a positive impact on people, planet and profit. The Conference stressed the importance of the business case, implementation of CSR in different regions and fostering competences, attitudes and skills.

The ILO fundamental labour standards, embedded in the ILO Tripartite Declaration for Multinational Enterprises, the OECD guidelines and the Global Compact, and their application and effective implementation were an important part of the discussions on CSR. Further work to increase the dissemination, application and effective implementation of these standards and instruments is needed. An example is CSR screening by governments for companies applying for funding to invest in developing countries. Compliance with the OECD-guidelines on environmental and fundamental labour standards could be a requisite.

General conclusions of the conference

Following actions:

1. Progress on CSR should be addressed at the European Council's March 2005 meeting in the context of the mid-term review of the Lisbon strategy.
2. CSR as a cross-cutting issue should be addressed in a coherent manner in all relevant Councils of Ministers.
3. The European Commission is invited to present to both Council and Parliament at the latest by summer 2005, a comprehensive set of concrete proposals on promotion of CSR practices both in Europe and globally.

The business case:

1. The practice of CSR enhances the possibility of raising both external and internal capital, fostering long term prospects for companies and becomes increasingly so as investors progressively adopt it as an investment criterion.
2. CSR can increase the innovative drive of companies. CSR requires rethinking production methods, human resource and relations management and product development. This may be a great stimulus for the creative force of and within the company.
3. The greening of public procurement is one of the key recommendations of "Facing the Challenge", the recent report from the High Level Group on the Lisbon strategy. Equally, other aspects of social responsible procurement are currently developed.
4. As transparency is fundamental to understanding and improving sustainability of business practices and to the constructive involvement of those with an interest therein, further work on enhancing transparency and dialogue is of the essence. Amongst others, the guidelines of the Global Reporting Initiative (GRI) are a useful tool for annual sustainability reports.

5. In conjunction with “enlightened self-interest”, the importance of values for the business community was highlighted and recognized as the basis for CSR.

Delegates addressed a large number of issues, some of them for the first time at such an occasion. Among those issues, some of which will have to be defined more closely in future work, featured:

Implementation in different regions:

1. CSR applies to all activities of a company, including cross-border investment and trade.
2. Implementation of CSR is especially challenging in conflict prone zones, as well as in areas of weak governance. The development of policies on doing business in those zones requires further analysis and combined work by governments and the business sector.
3. Further work on the complexity of supply chain management can help finding acceptable solutions to all stakeholders.
4. Lessons learned from multi-stakeholder and business initiatives in specific sectors, such as in extractive industries, could be taken as a basis for the development of similar initiatives.
5. Continuing work on enhanced CSR implementation in developing countries and support for the newly launched African multi-stakeholder forum on CSR and Latin American CSR network is required, by fostering innovative approaches in emerging markets.
6. The call of the Secretary General of the United Nations (WSSD 2002) for support from the private sector in order to help achieving the Millennium Development Goals deserves concrete attention. Initiatives have been taken to face the challenge of the health of the work force particularly noting the growing impact of HIV/AIDS, malaria and tuberculosis. These initiatives should be reinforced.

Fostering competences, attitudes and skills:

1. Inclusion of CSR practices and business ethics in the curriculum of schools, universities and business oriented institutions should be actively and urgently undertaken.
 2. Awareness raising capacity building and training within the company should address both the work force and management.
 3. The United Nations has acknowledged that Youth is a stakeholder. Enhanced involvement of youth groups can help them create their own future.
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