

Reflections on CSR in the EU

By Wayne Visser

In May, I presented to the EU High Level Group (HLG) of on CSR, comprising of 27 member state representatives. It gave me an opportunity to talk with some of the people helping to shape the EU agenda and there are number of trends I found interesting. The first is that, whereas before CSR was discussed purely as a voluntary activity by business (this was especially clear in the EU's last policy statement on CSR in 2006), there is now increasing discussion and even demand for what one of the members of the HLG, Susan Bird, calls 'a more active role', which may involve 'conditions' being introduced in the future, although this is all up for debate.

A second insight is how the competitiveness agenda has changed. The first 10 year economic strategy of the EU – the Lisbon Agenda, which ends in 2010 – was all about competitiveness and paid very little attention to CSR issues. However, the 2008 European Competitiveness Report dedicated an entire chapter to CSR and we have countries like Denmark claiming that responsible and green growth is central to its international reputation and hence its competitiveness. This changing emphasis is also reflected in the new Lisbon Strategy for 2020, which has as its central goal 'smart, sustainable and inclusive growth'.

The studies being commissioned by the HLG give us some indication of where the direction of policy development is headed. In particular, there are research projects on business and human rights (integrating UN Special Representative John Ruggie's emerging framework), supply chain integrity, CSR reporting and sustainable and responsible public procurement.

In the supply chain work, Marjon van Opijnen from CREM sees a number of trends, including water footprinting, which reveals that it takes 16,000 litres of water to produce leather products, 2,700 litres to produce a T-Shirt and 2,400 litres to make a hamburger. Palm oil is also high on the agenda, especially focused on how to get small palm oil farmers involved in the RSPO certification process in Indonesia and Malaysia. Another focus is looking at the post-consumer supply chain, such as the e-waste from Europe that ends up in Africa, especially Ghana, where it creates health hazards and environmental challenges.

One area of research that is starting to reveal interesting results is the role of socially responsible investment (SRI) in Europe. For example, Walter Kahlenborn from Adelphi talks about studies they have done in Germany that find German SRI funds with carbon footprints that are no better than non-SRI funds. Survey results also suggest that while

inclusion in SRI funds of big companies give legitimacy to their CSR and climate activities, the impact of SRI is limited to those large companies that are included, rather than the broader market. And in Germany, the SRI mutual funds only make up around 0.5% of the total funds, while in companies with SRI investments, these investments only make up around 0.3% of their total investments.

Of course, the HLG faces enormous challenges, highlighted by Thomas Dodd. How can they have a consistent policy for all member states, bridging the leaders like Denmark with the laggards, which tend to be the newer EU members? Another serious challenge, and a big focus of the HLG, is how to make any EU policies on CSR relevant to SMEs, which make up the vast majority of businesses in the EU? Looking to the future, the Responsible Business 2020 project of the European Alliance is worth keeping an eye on. Among the trends that Susan Bird sees is a greater emphasis on social inclusion and more flexible ways of working, especially using ICT technologies to be create innovative workplace practices.

My conclusion is that the sleeping giant of CSR policy in Europe is awakening, so watch this space!

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