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PRESS RELEASE

EP calls on the Commission to strengthen Corporate Social Responsibility policy

A European Parliament resolution urges the Commission to extend legal obligations to some key aspects of corporate accountability, such as directors' duties, foreign direct liability and mandatory disclosure for lobbyists. The resolution, titled "Corporate Social Responsibility: a new partnership" was drafted by socialist MEP Richard Howitt and secured wide support from all major groups in the plenary session, including the EPP.

Brussels / Strasbourg, 13 March –The European Coalition for Corporate Justice (ECCJ) welcomes the approval of the EP Resolution on Corporate Social Responsibility (CSR). 'This report tells the Commission that it needs to fill the gaps left by its Communication on CSR' said Paul de Clerck, ECCJ steering group member. 'We applaud MEPs for passing a meaningful report despite strong pressure from business lobbies, such as BusinessEurope and Eurocommerces against the report'.

Though the resolution recognises that the European Commission (EC) defines CSR as voluntary, it demands a pragmatic approach to CSR. It says both mandatory and voluntary initiatives should be embraced depending on what works best in a given situation. According to Richard Howitt, 'There should be no artificial divide between CSR and issues of corporate accountability and governance'.

The resolution breaks new ground on some important issues. For example, it calls on the Commission to implement a system by which victims of corporate abuse by European companies in third countries can seek redress in European courts. 'As a self-professed champion of human rights, the EU must make European companies accountable for their actions, wherever they operate' underlines ECCJ coordinator Ruth Casals.

In addition, the resolution advocates extending the legal obligations of directors to include minimising the harmful environmental and social effects of the companies they manage.

Lobbying transparency is also addressed, with the resolution calling for mandatory disclosure for corporate and other lobbyists and for balanced access between business groupings and other stakeholder groups towards EU policy-making.

The resolution also backs the establishment of an EU ombudsman on CSR to undertake independent inquiries on CSR-related issues at the request of companies or any stakeholder group, and calls on the Commission to incorporate existing internationally agreed standards and principles.

However, the resolution falls short in its half-hearted call for environmental and social reporting, significantly weaker than the original text passed by the Employment and Social Affairs Committee. While it endorses integrated environmental and social reports to be included with required financial reporting, it is not prescriptive enough to bring about the true change needed for consumers and investors to be able to assess how responsible a company is.

ECCJ regrets that the report does not push hard enough for better use of the 2004 Public Procurement Directives. This existing legislation, not widely implemented, allows EU member states to take environmental and social criteria into account when issuing calls for tender and drafting contracts. The Commission needs to be reminded of the importance of these directives, as well as the link between public procurement and standardised environmental and social reporting.

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