

Analysis of national policies on CSR,  
in support of a structured exchange of information on national CSR policies and initiatives  
(Tender No VT/2005/063)

## Outline of selected CSR policy topics

### Introduction

This outline introduces six topics of national and European CSR policies by briefly describing them and by highlighting selected interesting practices. The topics were chosen from the compendium on national public policies on CSR in the EU ([http://europa.eu.int/comm/employment\\_social/emplweb/csr-matrix/csr\\_matrix\\_en.cfm](http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_matrix_en.cfm)) in cooperation with the chairs of the High-Level Group of National Representatives on CSR (CSR HLG) from DG Employment, Social Affairs and Equal Opportunities. Three of the topics will be explored in depth in policy analyses. Because some of the topics (such as labels) are very broad, a further narrowing of the research focus may be necessary in the course of the policy analyses.

### Awareness raising

The concept of CSR is basically about businesses that exceed legal minimum standards on a voluntary basis. Consequently, the CSR performance depends essentially on how important economic, social and environmental CSR issues are perceived by companies themselves on the one hand, and by their stakeholders (such as investors, consumers and the public) on the other. For this reason, raising awareness for CSR among both businesses and their stakeholders is a key challenge for governments interested in promoting CSR. Among the most common types of public awareness raising initiatives are

- Stakeholder dialogues and discussion fora,
- CSR campaigns and trainings, and
- CSR conferences.

### Codes of business conduct

Codes and standards prescribe ethical rules of business conduct regarding the issues of corporate governance (stakeholder involvement), social and/or environmental performance. Codes can be issued by businesses (individual company codes), international organisations (internationally standardized codes, such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises), and governments (often in co-operation with national social partners or NGOs). One example for a government-sponsored code is the CSR Austria Guiding Vision. According to an OECD estimate, most businesses develop their own codes, sometimes by drawing loosely on internationally or nationally standardized code blueprints.

## Reporting

Companies that had experienced strong pressure from stakeholder groups (such as Nike and Exxon) were among the first to publish CSR and corporate sustainability reports. For them Corporate Sustainability or CSR reporting was a reactive measure of damage control. Meanwhile, CSR reporting has turned into an important and widely used pro-active instrument of informing key stakeholders (such as investors) about a company's CSR performance. So far, many EU countries encourage reporting indirectly, for example by endorsing the Global Reporting Initiative/GRI. Some countries (such as France, the Netherlands and Sweden) mandate a minimum standard of social and environmental reporting for publicly traded companies. However, since the minimum standards are rather general and corporate compliance is neither monitored nor enforced, the quality of mandatory CSR reports is a contested issue.

## Socially responsible investment (SRI)

Starting out as a small niche market, SRI became a major issue for the financial sector, and subsequently also for publicly traded companies. Since SRI integrates ethical, social and environmental aspects into investment decisions, it favours companies that are known for an above-average CSR performance and for high-quality CSR reports, and it often excludes companies of certain industries (tobacco, alcohol, gambling). So far, some countries (such as Belgium, Germany, Sweden and the UK) facilitate SRI indirectly by requiring pension funds to declare whether they apply ethical, social and environmental criteria. In France, public sector pension funds are required to consider CSR issues. A study for Switzerland has shown that major public sector pension funds have been the main reason why Switzerland's SRI volume has more than doubled to €6.72bn from 2001 to 2005.

## Public procurement (and SR in the public sector)

Since the public sector is a major player in the European single market, an important aspect of credible CSR policies is that governments live up to their commitment to CSR by acting socially responsibly by themselves. By taking CSR into account in public procurement decisions and by implementing social and environmental management systems (such as EMAS) in ministries and other public entities (such as schools and hospitals), governments lead by giving a good example and they provide financial incentives for companies with a good CSR performance. Some countries, for example, favour companies that devote a certain percentage of the contract to hire long-term unemployed persons; others take environmental issues into account ("green procurement"). Another issue sometimes mentioned in the context of public procurement is that some governments favour socially and environmentally responsible companies when approving public grants or subsidies.

## Labels

Labels are informational devices which assure consumers that a production process, a product or a company (and its supply chain) fulfils certain social and/or environmental standards that exceed legal requirements. By providing important information on selected CSR issues, labels help consumers in taking CSR into account in their purchase decisions. Labels are created by governments, NGOs and businesses. Most labels focus either on environmental or on social issues and only some (such as the "Fair Trade" label) take more than one dimension of CSR into account. Differences also exist regarding the degree of monitoring attached to a label. Today, labels are so numerous that consolidating and further popularizing them seems to be one of the key challenges for governments.