

*Making Europe  
A Pole of Excellence on  
Corporate Social Responsibility*

The European Alliance  
For a Competitive & Sustainable Enterprise



**WORKING PAPER**  
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## ***Making Europe a Pole of Excellence on Corporate Social Responsibility***

### **CSR matters to all of us**

Corporate Social Responsibility (CSR) matters because it mirrors the core values of the society in which we wish to live. It matters to individual companies, big or small, who through innovative products and services, new skills and stakeholder engagement can improve their economic, environmental and social performance in the short and long term. It matters to those who work in and for companies, for whom it can help to create a more rewarding and inspiring working environment. It matters to those who buy from companies, to consumers who are paying more and more attention to the social and environmental credentials of the products and services they buy. It matters to the local communities where companies operate, who want to know that they are living amongst organisations that share their values and concerns. It matters to investors who feel that responsible business behaviour needs to be encouraged. It matters to people in other parts of the world who expect European based companies to behave in accordance with European and international values and principles. And it matters to our children and future generations who expect to live in a world which respects people and nature.

### **Striving for a sustainable market economy**

A strong business commitment to CSR as well as an overall supportive role of public authorities towards CSR has become particularly important over the last 15 years as regard its contribution to the respect for human rights and the rule of law as well as the sustainable functioning of democracy and market economy, be it on a local, national, European or global scale. In order to be a successful economic model, the market economy needs to build on some essential prerequisites: on the one hand an effective and coherent legislative and regulatory framework; on the other hand, self limitation and self control as much as a proactive climate of innovation and entrepreneurship, fairness and trust: all these are necessary elements to combine high levels of economic success, environmental protection, social cohesion and welfare. To this end, leading enterprises in Europe are more than ever undergoing a process of searching, learning and innovating as regards their governance, management, stakeholder dialogue and product development, thereby making corporate and product responsibility a natural part of their everyday business practice and competitiveness. Small companies, as a key driver for growth and jobs in Europe, have as much to offer as large companies when it comes to corporate responsibility, even though they often adopt a more informal and intuitive approach to CSR. Against the background of globalisation and the associated structural changes, companies are making these shifts in the expectation that the other stakeholders also commit and shoulder their share of the risks and opportunities of responsibility and innovation. Dialogue with stakeholders helps companies to anticipate and deal with social and environmental issues which may affect future competitiveness.

### **A European Alliance for CSR**

In this context, the European Commission together with members of the business community are laying the foundations of a European Alliance for CSR. This is an open Alliance for enterprises sharing the same ambition: to make Europe a Pole of Excellence on CSR in support of a competitive and sustainable enterprise and market economy. The essence of this initiative is partnership. This partnership is based on agreement that the priorities of the European Strategy for Growth and Jobs

fully respond to the challenges of increasing global competition, demographic trends and a sustainable future.

The delivery of this strategy is crucial for securing Europe's sustainable growth as much as the European way of life. The Alliance is built on the understanding that CSR can contribute to sustainable development, while enhancing Europe's innovative potential and competitiveness, thereby also contributing to employability and job creation. The Alliance seeks to promote CSR as a business opportunity creating win-win situations for companies and society and recognises that CSR is a voluntary business approach which reflects the diversity of European business. While enterprises are the primary actors in CSR, public authorities at local, national and European level have a supportive role to play in promoting it. The Alliance initiative builds on previous discussions with business and stakeholders. In particular, it draws the lessons from the European Multi-Stakeholder Forum on CSR, a major initiative facilitated by the European Commission. The Forum provided a platform for European representatives of business, employers, trade unions and civil society organisations to engage in an innovative process of learning and dialogue and to agree recommendations for more and effective CSR practice. It will also capitalise on the European Campaign to promote CSR among SMEs and the multitude of other business and employer driven initiatives. Another key driver for this Alliance is the European Roadmap for Businesses on CSR - 2010, whereby leading companies and business networks have set out their vision and priorities for a competitive and sustainable enterprise from a European perspective.

The Alliance lays the foundations for the partners to promote CSR in the future. It evolves around the following three areas of activities:

- Raising awareness and improving knowledge on CSR
- Helping to mainstream and develop open coalitions of cooperation
- Ensuring an enabling environment for CSR

#### 1 Raising awareness and improving knowledge on CSR

The Alliance will explore and support creative ways to exchange and disseminate CSR best practice, initiatives and tools with a view to making them relevant to business practitioners, policy leaders, consumers, investors and the wider public at all appropriate levels across Europe and abroad. Special attention will be paid to promoting CSR amongst enterprises of all sizes in a way that is better in tune with today's and tomorrow's realities and challenges.

The Alliance reaffirms that, building on existing initiatives, there is a need to further promote multi-disciplinary research on CSR at European level, in particular on its impact on competitiveness and sustainable development. Closer integration with universities and scientific experts as well as continuous dialogue and cooperation with civil society are essential in this respect.

An important contribution to Europe's future competitiveness and sustainability will depend on education taking a leading role in the CSR agenda. The Alliance will encourage the integration of CSR and sustainable development related topics in traditional courses, in the curricula of future managers and graduate students, in executive education and in other educational institutions.

#### 2 Helping to mainstream CSR and develop open coalitions of cooperation.

Considering the wide-ranging nature of CSR and the diversity of the European and international business landscape, the partners of the Alliance have identified several priority areas for action:

- Fostering innovation and entrepreneurship in sustainable technologies, products and services which address societal needs
- Helping SMEs to flourish and grow
- Assisting enterprises to integrate social and environmental considerations in their business operations, especially those in the supply chain
- Improving and developing skills for employability
- Better responding to diversity and the challenge of equal opportunities taking into account the demographic changes alongside the rapid aging of the European population

- Improving working conditions, also in cooperation with the supply chain
- Innovating in the environment field with a special focus on integrating eco efficiency and energy savings in the product and service creation process
- Enhancing pro-active dialogue and engagement with all relevant stakeholders
- Further addressing the transparency and communication challenge to make the non-financial performance of companies and organisations more understandable for all stakeholders and better integrated with their financial performance
- Operating outside the borders of the European Union in a socially and environmentally responsible way as companies do inside the European Union

These priority areas will be addressed by “open coalitions of cooperation” bringing together interested companies ready to tackle these issues in the form of “laboratory meetings” in order to explore and to develop joint operational projects, in partnership with relevant experts and stakeholders and with the support of the European Commission and/or other institutions.

### 7 Ensuring an enabling environment for CSR

With the new European Strategy for Growth and Jobs and through its initiative on better regulation, the European Commission and EU Member States have committed themselves to set up and strengthen a business-friendly environment in which entrepreneurs and enterprises can flourish and grow.

In addition, the European Commission will step up its policy of promoting the voluntary and innovative efforts of companies on CSR, by encouraging good practices and their dissemination in a strengthened partnership with business and all relevant stakeholders as well as the national authorities. It will do this also by being consistent across the policy areas and integrating the promotion of CSR where appropriate. To succeed in their joint mission, the partners of the Alliance will capitalise on equivalent alliances developed at national level and will inspire and support similar initiatives in countries where there is interest in doing so. The Alliance supports the organisation of a review meeting with all stakeholders at the end of 2006 to take stock of progress made in relation to the recommendations of the European Multi-stakeholder Forum on CSR and of other trends, developments and innovations in CSR.

## **Conclusion and next step**

Commitment, mutual trust and dialogue are vital for the success of this Alliance. The Alliance will be what its partners will deliver on the agreed initiatives and priority areas. The partners agree that for coordination and communication purposes, the Alliance will rely on cooperation and mutual support between the European Commission and existing business driven structures actively involved in the CSR domain. The partners of the Alliance agree to take stock through high level meetings and to also communicate the Alliance results in the context of the European Strategy for Growth and Jobs.

Time has come to make Europe a Pole of Excellence on CSR. The Alliance is formed to make it happen.