

Corporate social responsibility: proposal for an initiative by the European Commission

Introduction

1. On 24 April 2013, the collapse of the Rana Plaza in Dacca, capital of Bangladesh, took a toll of 1,127 victims mainly working for subcontractors of major western fashion brands. This tragedy raised, in the cruellest possible way, the **issue of the responsibility of multinational enterprises over their subsidiaries, their subcontractors and their suppliers** located abroad, especially in countries where compliance with human, social and environmental rights is not met.
2. **This issue of corporate social responsibility (CSR), is fortunately not ignored by the European institutions.** In its communication of 25 October 2011, the Commission defined a European strategy for CSR. As for the European Parliament, in two resolutions dated 6 February 2013, it emphasised the importance for enterprises to communicate information on the social and environmental aspects of their business so as to identify the risks for sustainable development that such business can cause. Further, in its resolution on the textile industry, of 29 April 2015 on the second anniversary of the Rana Plaza building collapse, it deemed it *'necessary to adopt, at European Union level, new legislative instruments creating a legal obligation of due diligence, as regards human rights, for EU companies outsourcing production to third countries.'*
3. **In effect, although European law takes into account a certain form of corporate social responsibility, it gives it only a limited scope;** the only binding measures at present are, on the one hand, extra-financial reporting obligations, and, on the other hand, obligations applying to certain sectors (uncut diamonds, wood, minerals and the building trade) and certain enterprises (importers and main subcontractors) in order to make sure of the origin of products and, in the sole case of main subcontractors, of respect for certain rights of posted workers.
4. **As for the Member States, they have, in the framework defined by the European Commission in its above-mentioned communication, adopted national action plans as regards corporate social responsibility;** however, despite the progress which these represent, the measures they contain differ significantly in scope from one Member State to another, and, generally speaking, appear insufficient with regard to the human, social and environmental challenges resulting from the globalisation of supply chains.
5. **The issue of corporate responsibility requires a strong answer from the European Union and the Member States going beyond measures limited in their scope and limited in their obligations imposed on multinational enterprises.**

Proposal

6. We call on the European Commission to support any initiative towards a strengthening of corporate social responsibility and table an **ambitious legislative proposal implementing the CSR principles** at European level and meeting the following characteristics:

- 1/ It shall apply to **all enterprises** having their headquarters in a European Union Member State, whatever their business sector. Where applicable, there shall be a threshold to exempt the smallest enterprises from it but it shall include parent companies and holdings;

- 2/ It shall include **precise obligations regarding the duty of due diligence** of companies with respect to their business relations, their subsidiaries and their suppliers to effectively prevent the overall human, social and environmental risks to which employees, local populations and the environment may be exposed owing to their direct or indirect business;

- 3/ It shall add to these rules **effective, proportionate and dissuasive sanctions** or even, where applicable, sanctions commensurate to the environmental, social or health damage caused by non-compliance.