



EUROPEAN COMMISSION
SECRETARIAT-GENERAL

Directorate D - Policy Co-ordination I
The Director

Ref. Ares(2017)1597618 - 24/03/2017

Brussels, 21.03.2017
SG.D2 AW/isk

Professor John G. Ruggie
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Subject: Reply to your letter of 24 February 2017 concerning the EU Agenda on Corporate Social Responsibility

Dear Professor Ruggie,

The President has asked me to reply to your letter of 24 February 2017 regarding the Commission's agenda on corporate social responsibility.

We fully share your view that globalisation can only be beneficial if it goes together with sustainable development, the respect of social and environmental standards and the protection of human rights, in particular of those who are most vulnerable. The Commission has a positive agenda on corporate social responsibility/responsible business conduct in the European Union and promotes it throughout its policies.

As you rightly point out, significant advances have been made in recent years on promoting corporate social responsibility/responsible business conduct in the EU. The transposition by the Member States of the Directive on disclosure of non-financial and diversity information¹ is being finalised. This directive lays down obligations for certain large companies and groups on publishing material non-financial information, including on environmental, social and employee matters, respect for human rights, and corruption and bribery matters. As you noted in your letter, the Commission is currently preparing non-binding guidelines facilitating the effective application of the Directive by companies. Public consultations on such guidelines show positive feedback from most stakeholders. At this point the guidelines are still under discussion and due to be adopted in the coming months. Attention is given to human rights, as well to other issues companies are expected to report on.

The revised Shareholders Rights Directive was adopted by the European Parliament this month² and will incentivise institutional investors to take environmental and social issues into account in investment decisions, engagement activities and asset management mandates.

In December 2016 the European Commission established a High Level Expert Group on Sustainable Finance that will help formulate the EU strategy in this area. By the end of 2017 the group will provide recommendations on how to help mobilise private capital for

¹ OJ L 330, 15.11.2014, pp. 1-9.

² The adoption by the Council is expected beginning of April.

sustainable investments and to better understand and deal with the financial risks related to the transition to a low-carbon economy, resource-efficient economy.

In addition, as you are aware, new provisions on public procurement that highlight environmental and social considerations recently became part of EU law³. Their transposition is still ongoing in about a dozen Member States.

Furthermore, the Commission is promoting compliance with social and environmental standards and with human rights in non-member countries through development cooperation, political dialogue and trade instruments. It is pursuing an integrated approach using existing tools and others currently under development, including in certain sectors at particular risk from negative effects linked to business operations such as logging and mining, as well as the clothing sector.

After evaluating the implementation of European strategy on corporate social responsibility⁴, a consensus was reached among stakeholders on the need:

- to speed up the effective implementation of the recently adopted legislative measures;
- to introduce measures that could encourage and reward responsible behaviour by EU undertakings, particularly by public and private investors and by public authorities when funding companies and buying goods and services;
- to consolidate the implementation of recent important EU initiatives relating to action on corporate social responsibility, such as the strategy "Trade for all: Towards a more responsible trade and investment policy"⁵, the EU Action Plan on Human Rights and Democracy⁶ and the Anti-Tax-Avoidance Package (ATAP)⁷.

These actions should also help to promote responsible behaviour by companies and investors as well as public authorities in EU Member States and in non-EU countries, with specific regard to the responsible management of supply chains involving developing and emerging countries. To this end, the Commission adopted in March 2014, a proposal for a Regulation on conflict minerals⁸, which was recently adopted by the European Parliament (March 2017) and will now go to the Council for final approval.

In its communication on "Next steps for a sustainable European future", which sets out its vision regarding the United Nations Sustainable Development Goals⁹, the Commission announced to intensify its work on responsible business conduct. This work would focus on concrete actions to meet current and future social, environmental and governance challenges, building upon the main principles and policy approach identified in the Commission's 2011 EU Corporate Social Responsibility Strategy¹⁰. To create a dynamic space bringing together different stakeholders, the Commission is setting up a Multi-Stakeholder Platform with a role in the follow-up and exchange of best practices on Sustainable Development Goals' implementation across sectors, at Member State and EU level. This platform shall help to develop cooperation/coordination between the Commission and stakeholders on matters relating to the implementation of European Union

³ Directive 2014/24/EU on public procurement and repealing Directive 2004/18/EC, OJ L 94, 28.3.2014, pp. 65-242.

⁴ COM(2011)681 final.

⁵ http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

⁶ http://ec.europa.eu/europeaid/sites/devco/files/joint-communication-ap-human-rights-and-democracy_en.pdf

⁷ http://ec.europa.eu/taxation_customs/business/company-tax/anti-tax-avoidance-package_en

⁸ COM(2014) 111 final.

⁹ COM(2016) 739 final.

¹⁰ COM(2011) 681 final.

legislation, programmes and policies in the field of the Sustainable Development Goals and help to bring about an exchange of experience and good practice.

The many actions already undertaken on corporate social responsibility/responsible business conduct and business and human rights, and the ongoing activities on the implementation of the Sustainable Development Goals demonstrate that the Commission is intensifying its work, focusing on concrete actions. The Commission will carefully monitor, in close collaboration with the main stakeholders, how the situation is evolving in the Member States and in the international bodies involved in the corporate social responsibility process.



Marcel Haag