

7th December 2011

Dear Sir/Madam,

RE: CSR EUROPE – SUPPORTING EUROPEAN BUSINESS IMPLEMENT THE UN FRAMEWORK AND GUIDING PRINCIPLES

CSR Europe is pleased to note that an expert group is in place to work with business towards implementing the UN Framework and Guiding Principles.

As Europe's leading business network for CSR, we would welcome the opportunity to support and contribute to your work through our activities.

Through our strategic initiative, Enterprise 2020, CSR Europe acts as a platform for action, collaboration and social innovation by and for practitioners. We do this by bringing together companies and stakeholders in collaborative partnerships to address key societal challenges, one of which is supply chain, business and human rights.

The recently announced European Communication on CSR recognizes Enterprise 2020 as an example of business leadership that is particularly relevant to EU policy objectives. With this in mind, the European Commission (EC) will work with CSR Europe to help review the initial results of Enterprise 2020 at the end of 2012; and to define its next steps.

The EC Communication on CSR emphasizes the imperative for European companies to respect human rights and work with the UN Framework and Guiding Principles. CSR Europe will be seeking to achieve this with its network through its collaborative project on *sustainable supply chains, business and human rights*.

The collaborative project seeks to:

- identify and share good practices of companies implementing the UN Framework and Guiding Principles on Business and Human Rights
- develop practical tools, based on good practices, to support implementation of the UN Framework and Guiding Principles

Attached is an overview of the collaborative project for your reference. This overview also highlights key business challenges on implementing the UN Framework and Guiding Principles, which may be of interest to you, from the project workshop we held on 2nd December 2011 with already more than 25 representatives from multinational companies and CSR business networks in Germany (econsense), the Netherlands (MVO Netherlands) and Spain (Forética).

We are already in dialogue with the European Commission to ensure that our project's activities and outcomes are complementary to (not duplicating) the announced sector-specific and SME human rights guidance work from the Commission.

In the same way, we would like to explore with your working group how we can ensure that our work is complementary to (and not duplicating) the future work that will be developed by your working group. Kindly note that, at this stage, we are considering orientating our work towards training/capacity building on HR related issues; grievance mechanisms.

We would welcome the opportunity to contribute to your working group's objectives through our project's scope and activities. To this end, kindly let me know if you would be available for a meeting or conference call end January/early February 2012 to discuss this further.

We look forward to your feedback, and we wish you success with your mandate.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Njoroge".
Susan Njoroge



About CSR Europe

CSR Europe is the leading European business network for Corporate Social Responsibility with around 75 multinational corporations and 31 national partner organisations as members. Since its launch, CSR Europe has become an inspiring network of business people working at the very forefront of CSR across Europe and globally. Together, the network represents over 3000 companies in Europe. CSR Europe addresses societal challenges through the Enterprise 2020 Initiative, which fosters collaborative action and shapes the business contribution to the European Union's Europe 2020 strategy for smart, sustainable and inclusive growth. For more information visit www.csreurope.org

ENTERPRISE 2020

Smart, Sustainable, Inclusive



Enterprise 2020 – Supporting European Business Implement the UN Framework and Guiding Principles

Connect

Share

Innovate

www.csreurope.org



Who we are – leading network for CSR in Europe

(reaching +3800 companies across Europe)

+75 Corporate members

+ 30 National partners



What is CSR Europe? What do we do?

❖ Platform for practical change

- Share and further develop CSR best practices with peers – enhance business contribution to a sustainable society
- Thought leadership through practice platform and action
- Implementation of projects that practically change business practices

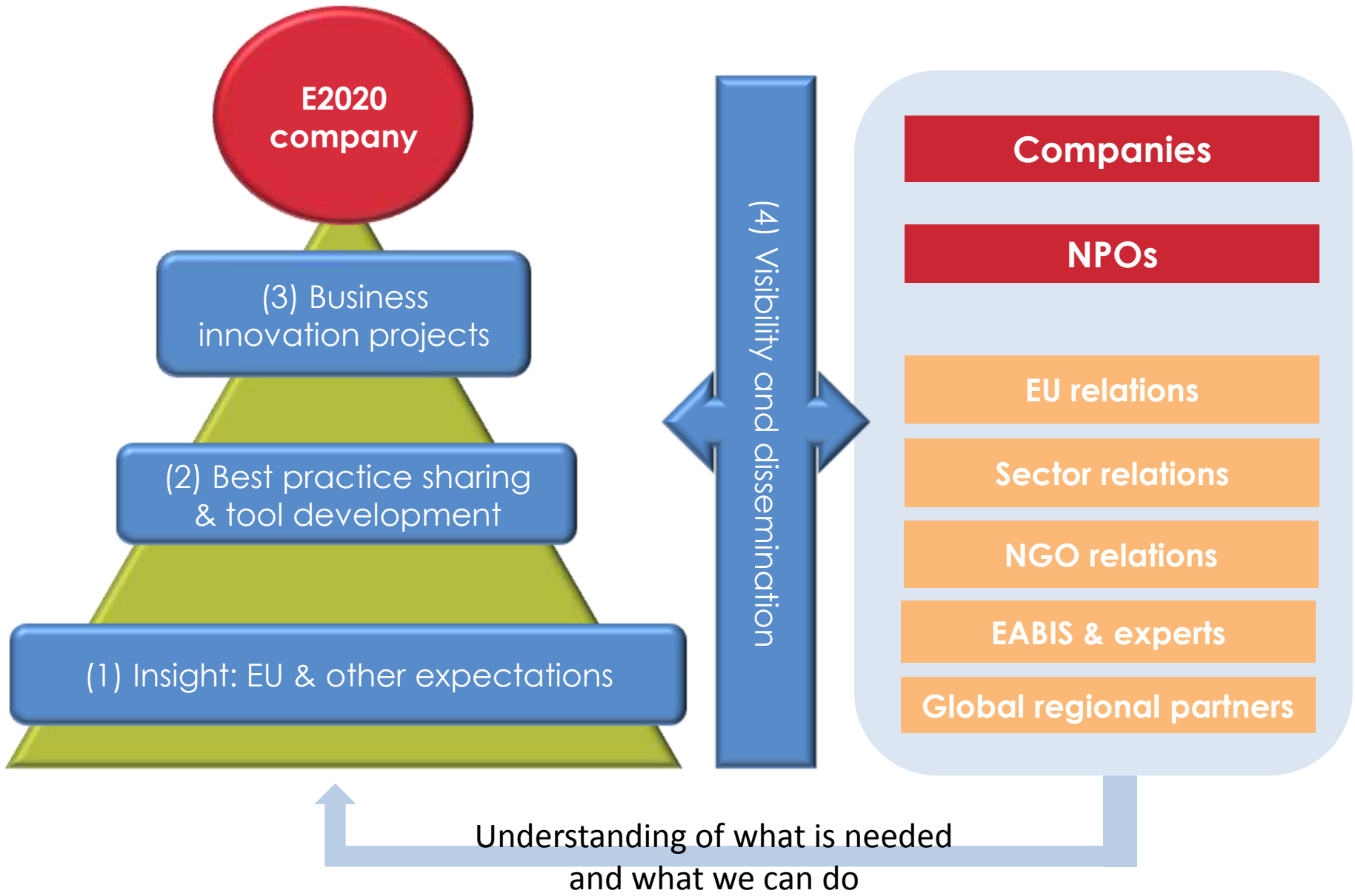
❖ Multipartner approach in all of its activities

- Collaborate and co-build solutions with stakeholders in several topic areas
- Strong relationships with EU, EABIS, NGOs, sector organisations and other experts
- Largest CSR Network in Europe – +30 National Partners and a global network of regional partners

❖ Providing added value to members

- Benefit from benchmarking and research services to support your company's CSR strategy and initiatives
- Receive regular information updates on news and events and share your company news
- Benefit from our account management system – your personal account manager supports in maximising your membership benefits

Service Delivery Model



ENTERPRISE 2020

Smart, Sustainable, Inclusive



Enterprise 2020

A Business contribution EU policy objectives

Connect

Share

Innovate

www.csreurope.org

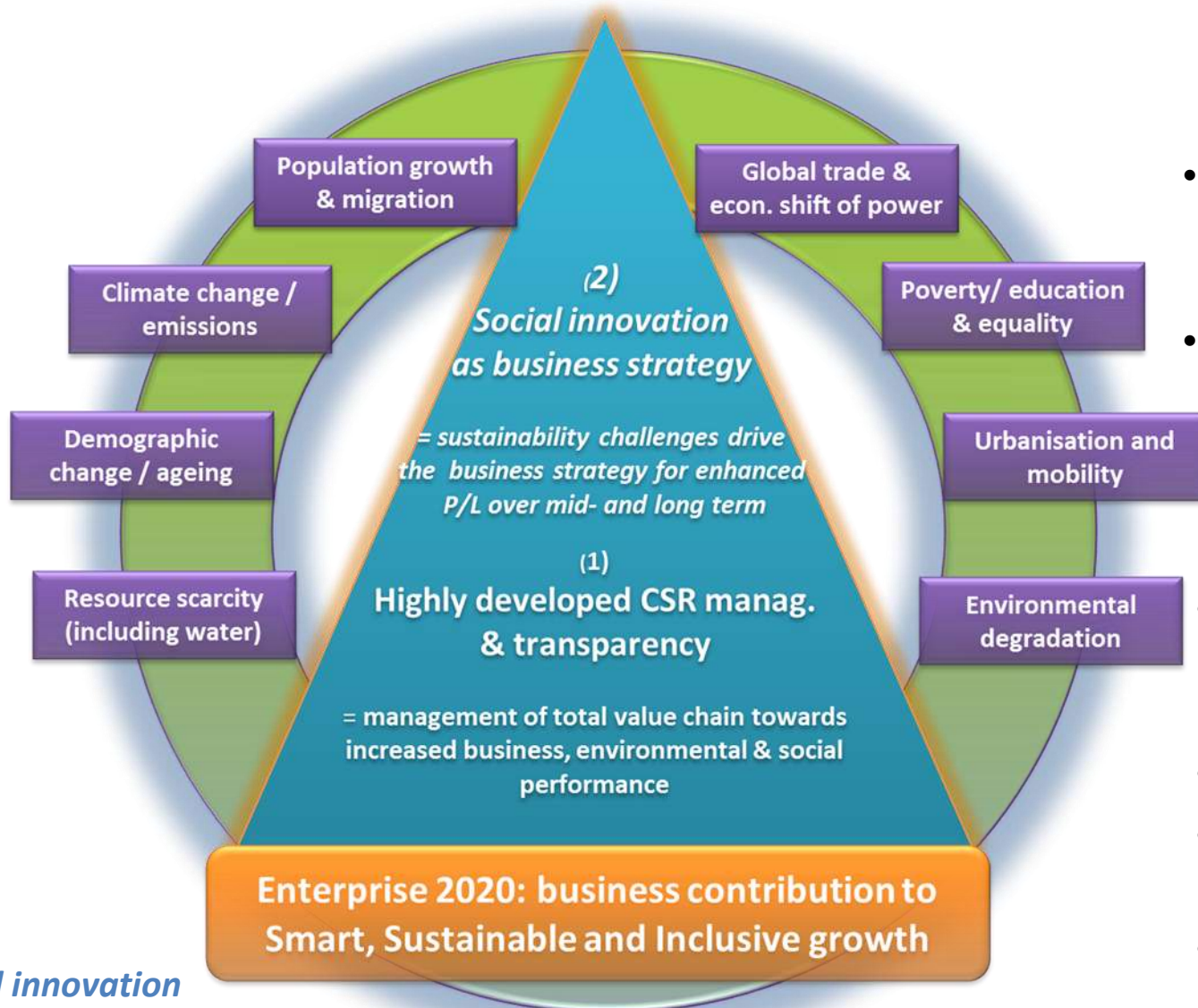
CSR Europe's Vision of Enterprise 2020

The company of the future, Enterprise 2020, operates profitably through mainstreamed responsibility and transparency, and innovates solutions for the planet and its people, in close cooperation with all stakeholders.



Together they lead the transformation towards a smart, sustainable and inclusive society

Enterprise 2020: Smart, Sustainable and Inclusive



REQUIREMENTS

- Focus on mid- and long term business growth
- Complex partnerships & collaboration
- Capability to measure & manage
- Governance
- Integration in business planning
- Incentive

Social innovation

= new ideas, business models, products & services that resolve existing sustainability challenges

Collaborative Projects

13 collaborative projects were launched under Enterprise 2020 in 2010

1. Sustainable supply chains

2. Value at Base-of-the Pyramid

3. Active ageing

4. Health literacy

5. Financial capabilities / education

6. Demographic change

7. Valuing Non Financ. Performance

8. Enabling technologies for environm.

9. Science in schools

10. Energy & environment. managem.

11. CSR in State owned companies

12. Community footprint

13. EU Employee volunteering Award

Focus topics 2011-2013

Project management
with companies & NPOs

1. ESG disclosure and reporting
2. Ageing & demographic change
3. Bottom-of-the-pyramid
4. Health & well-being
5. Supply chain & human rights
6. Financial capabilities

Continued support to other collaborative projects

(focus = communication)

ENTERPRISE 2020

Smart, Sustainable, Inclusive



European Commission Context *Sustainable Supply Chains, Business and Human Rights*

Connect

Share

Innovate

www.csreurope.org

EU Strategy on CSR 2011-2014

An Agenda for Action

Commission's Proposals (30 in total)

- 11 to better align European and global approaches on CSR
- +
- 5 to enhance CSR visibility & good practice
 - 4 to enhance market reward for CSR
 - 4 to improve trust and company disclosure
 - 3 to integrate CSR in education, training & research
 - 2 to encourage & benchmark national action plans
 - 1 to develop a good practice guide on self and co-regulation

One proposal on Enterprise 2020

The Communication states (p8, line 15):

“CSR Europe’s Enterprise 2020 initiative is an example of business leadership that is particularly relevant to EU policy objectives.

The European Commission will help:

- *to review Enterprise 2020 initial results by end 2012*
- *to define Enterprise 2020 next steps”*

EU Strategy on CSR 2011-2014

CSR Europe's Enterprise 2020

- Sustainable Supply Chains, Business and Human Rights



EU Communication on CSR

- Invite **European large enterprises** to make a commitment to **take account of at least one** of the following when developing their CSR approach: **UNGC; OECD guidelines; ISO 26000**
- Invite **European-based Multinationals** to make a commitment **to respect** the **ILO Tripartite Declaration**
- **European Enterprises** expected to **respect HR – defined by UN Guiding Principles**

CSR Europe's Enterprise 2020

- Sustainable Supply Chains, Business and Human Rights



- Base of the Pyramid (BOP)



EU Communication on CSR

- Process involving **companies & EU delegations to understand business challenges** in partner countries where the **state fails to meet its duty to protect human rights**
- EC to develop **business guidance on human rights**
- EC to **monitor the commitments** by European large enterprises (beyond 1000 employees) to take account of **international recognised principles & guidelines + ISO 26000**
- EU will search for **synergies with enterprises developing inclusive business models** that target the poor as consumers, producers and distributors

ENTERPRISE 2020

Smart, Sustainable, Inclusive



Enterprise 2020 – Collaborative Project *Sustainable Supply Chains, Business and Human Rights*

Connect

Share

Innovate

www.csreurope.org



Project Leaders



ArcelorMittal



econsense

Forum for Sustainable Development
of German Business

VOLKSWAGEN

AKTIENGESELLSCHAFT



External expertise from



Project Goals

- **Identify** and **share best practice**, **leverage expertise** and **synergies** to **develop tools** that **support businesses** **implementation** of HR
- **Raise awareness** and **foster dialogue** to address the **challenges** and identify **solutions** towards implementing SSC, HR

Project Approach

- Given the breadth of this project, a **two-fold work stream** approach is being taken to allow for **clearer focus** on the **objectives** and **outputs/deliverables**
 - Work-stream 1: Sustainable Supply Chains
 - Work-stream 2: Business and Human Rights

Business challenges

2nd Dec w/shop outcomes

Sustainable supply chains

- Working **hours**
- **Compensation**
- Supplier **capacity building**
- **Buying practices**
- **Integrating human rights** into sustainable **supply chain** practices
- Collaborative and **common approach on social dialogue** at a supplier **national govt. level** that involves buyer country key stakeholders e.g. companies, EU representatives of trade/policy...

Business and human rights

- The **business case** for human rights implementation
- **HR training and capacity building**
- The scope and implementation of **access to remedy and grievance mechanisms**
- **Realising HR opportunities** – creating shared value v/s HR risks
- **Cost and complexity** of the internal governance, systems and processes needed
- More **constructive dialogue with** and awareness of **stakeholders** on what **business** is already doing and trying to do to **address human rights**

Work-stream 1: Sustainable supply chains

Objectives	Activities (2011 – 2012)	Deliverables
<p>Promote best practice exchange at a global level</p>	<p>Ongoing compilation and visibility on good sustainable supply chain initiatives</p>	<p>CSRe/UNGC global website on sustainable supply chains</p>
<p>Raise awareness and identify solutions to key (hot) topics on sustainable supply chain issues</p>	<p>Webinar series:</p> <ul style="list-style-type: none"> i) Critical issues and their implications to business ii) Good practices – how are companies addressing these issues iii) Integrate the international dimension of the issue and solutions 	<p>Issue Insights – based on the webinar series</p>
<p>Work with sector organisations to promote sustainable supply chains</p>	<p>Collaboration with sectors to support/ implement CSR in the supply chain:</p> <ul style="list-style-type: none"> i) Sector-specific meeting – 20th Jan 2012 ii) Project exploration + implementation (2012-2013) 	<p>Business innovation project (support practical change projects)</p>

Work-stream 2: Business and human rights

Objectives	Activities (2011 – 2012)	Deliverables
Create understanding of the business implications of key international and EU frameworks on BHR	Workshop (2 nd Dec) - Expectations and implications of BHR frameworks to business <i>UN Guiding Principles, ISO 26000, OECD guidelines, ILO Tripartite</i>	Issue Insight - BHR related frameworks and their implications on business
Support companies in implementing the UN Guiding Principles on BHR in their operations	Workshops to identify, share company good practices and develop practical tools based these good practice examples to implement HR	BHR Manual <i>(each workshop gives output in good practice examples and practical tools/ methodology giving content to the manual)</i>
Foster dialogue between business and stakeholders on business challenges and solutions to implementing HR in their operations	Business and stakeholder dialogue session – business, NGOs, policy makers	Business’ policy recommendations

Key Next Steps

- European Commission will be developing sector specific and SME human rights implementation guidances
- A wide range of guidances and tools already exist and are being developed to address business HRts policy, assessment, due diligence
- ***Action: CSR Europe's collaborative project should address a 'niche' focus to support implementing the UNGPs e.g. training/capacity building; grievance mechanisms***
- Human Rights Council have been tasked to promote respect for human rights by business
- ***Action: Make contact with this expert group to introduce the collaborative project and where it can contribute, support, add value to the expert group's work***
- The project's (niche) focus should be identified and the project plan/activities revised for project implementation in 2012
- ***Action: Revise project plan and activities for approval by project leaders late Jan 2012***



For more information, please contact Susan Njoroge: sn@csreurope.org

Connect

Share

Innovate

www.csreurope.org