"Coordinating SCP and CSR policies with Sustainable Development Strategies"

Proceedings

of the

ESDN Conference 2008

Hosted by the French EU Presidency

June 29 – July 1, 2008 in Paris, France

prepared by
The ESDN Office Team
Gerald Berger, Markus Hametner, André Martinuzzi
www.sd-network.eu

Contents

1. Introduction

The European Sustainable Development Network (ESDN) Conference 2008, "Coordinating SCP and CSR policies with Sustainable Development Strategies", took place in Paris on June 29 – July 1, 2008 in the context of the French EU Presidency. The Conference was hosted by the French Ministry of Ecology, Energy, Sustainable Development and Spatial Planning on behalf of the French Government. It was facilitated by ESDN Office and Polynôme Communication.

The aim of the annual ESDN Conferences is to facilitate the exchange of experiences and knowledge between public administrators responsible for SD strategies and policies from the EU, national and regional level, experts from National Sustainable Development Councils, members of the SD working group of the EEAC, NGOs and selected research institutes. In total, about 120 participants from the above mentioned groups participated at the ESDN Conference 2008 (the list of participants can be found in the ESDN Conferences section at www.sd-network.eu).

This conference was the 7th in a series of similar events. Previous ESDN Conferences were held in The Hague (2002), Vienna (2003), Kinsale (2004), Windsor (2005), Salzburg (2006) and Berlin (2007) (for a full documentation of all conferences, please go to the ESDN Conferences section at www.sd-network.eu).

The ESDN Conference 2008 explored two themes, namely public policies and governance issues on
- Sustainable Consumption and Production (SCP) and
- Corporate Social Responsibility (CSR).

Both themes have been discussed extensively at various events before. However, the approach taken by the ESDN Conference 2008 was unique in the following respects:
- While most events focus either on SCP or CSR, the ESDN Conference 2008 discusses the two closely related topics jointly (besides SCP policies, also CSR can lead to sustainable production);
- By doing so, it aimed to bridge the obvious gap between public administrators working on SD, SCP and CSR;
- Finally, yet importantly, the ESDN Conference 2008 discussed policies on SCP and CSR in the context of SD strategies as overarching coordination tool.

The two topics were subject to welcome addresses by the French General Commissioner for SD and the Slovenian Minister for Growth; several keynote presentations by high-level representatives of the European Parliament, the European Commission and the European Environment Agency; and three panel discussions. Additionally, the conference participants discussed the themes in different working groups and the results were presented to the plenum by working group facilitators. At the end of the event, the ESDN co-chairs presented a review and outlook of ESDN activities.

The conference proceedings are structured as follows: Chapter 2 summarises the pre-conference presentation about the UEFA Euro 2008[TM] Sustainability Strategy and chapter 3

summarises the welcome addresses. Chapter 4 and 5 summarise the keynote presentations and document the panel discussions on SCP and CSR respectively. Chapter 6 presents the working group results on the five topics discussed as well as the panel discussion on each of these topics. Finally, the review and outlook about the ESDN activities is presented.

Supporting documentation of the ESDN Conference 2008, including
- the Conference Programme;
- the Conference Discussion Paper;
- the PowerPoint slides of the keynote presentations;
- MP3-audio files of the keynote presentations; and
- the List of Participants

is available in the conferences section of the ESDN homepage at www.sd-network.eu.

2. Pre-conference programme

On the evening before the ESDN Conference 2008, the UEFA Euro 2008^{TM} final took place. Therefore, the welcome reception did not only include a welcome address by the Director of the National Museum of Natural History (which served as venue for the conference), but also a public viewing of the Euro 2008 final.

As part of the public viewing, the co-chair of the ESDN, **Wolfram Tertschnig** (Austrian Ministry of Agriculture, Forestry, Environment and Water Management) and the ESDN Steering Group member **Daniel Wachter** (Swiss Federal Office for Spatial Development), both representatives of the Euro 2008 host countries Austria and Switzerland respectively, presented the Sustainability Strategy of the Euro 2008.

They highlighted that the governments of both countries adopted resolutions to prepare and implement the Euro 2008 in a sustainable manner. The joint Sustainability Strategy was developed and adopted by Austrian and Swiss authorities and the environmental ministers of both countries signed the "Sustainability Charter" with the 12 themes of the Strategy in June 2007. The themes are: (1) Environmental management, (2) clean energy & climate protection, (3) sustainable event mobility, (4) resources and waste management, (5) regional economy, (6) environmentally sound tourism, (7) infrastructure, (8) promotion of local and fair trade products, (9) anti-racism and fan care, (10) full accessibility of disabled people, (11) integrating sport and culture, and (12) prevention and your protection. In each of these themes, important measures were developed and implemented by a bilateral team with support from the UEFA/Euro 2008 SA.

Some of the major results of the Sustainability Strategy process: On the one hand, about 80 % of the measures could be implemented despite institutional deficiencies. On the other hand, important deficits could be detected in CO_2 compensation and shortcomings in organic food and fair trade products. An evaluation of the Sustainability Strategy will be undertaken in the summer 2008 and a Sustainability Report will be issued in November 2008 (jointly with the UEFA). Finally, recommendations for sustainability strategies for future events were outlined.

3. Welcome addresses

Michèle Pappalardo, General Commissioner for SD in France, welcomed the participants of the ESDN Conference 2008 on behalf of the incoming French EU Presidency. The SD Commission in France has the responsibility to coordinate the implementation of SD for all government ministries and, therefore, aims to foster cross-sectoral integration of SD. It reports to the Ministry of Sustainable Development as well as to the Prime Minister.

She pointed out that sustainable development (SD) is an important policy focus of the new French government. In 2007, the "Grenelle de l'environnement" (Environment Round Table) was initiated by the French President, Nicolas Sarkozy, with the aim to define in cooperation with several stakeholder groups ("5 party governance", including the national level, local authorities, trade unions, employers' associations and NGOs) the focus of government policy on SD and environmental issues. The French President presented the results of the debate in October 2007, including SCP issues, e.g. eco-labelling, pricing systems (i.e. incentives for consumers to buy sustainable products in 20 product groups), etc. Currently, the results of the "Grenelle" are being either adopted or included in the decision-making process of the government.

Ms Pappalardo mentioned that SCP and Sustainable Public Procurement (SPP) are a focus of the French EU Presidency, following the initiatives developed by the Slovenian Presidency. Generally, both topics are increasingly approached at the international or trans-national level: The UNEP has an SCP branch that sets important activities and the European Commission has in July 2008 issued the "Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan" that presents a framework to improve the energy and environmental performance of products and potentials for their uptake by consumers. The Action Plan complements other existing policies, e.g. energy and climate package adopted by the Commission in January 2008. Moreover, SCP is one of the seven key challenges formulated in the renewed EU SDS in June 2006: The EU SDS not only defines an overall objective for SCP, but also outlines operational objectives and targets as well as concrete actions. Ms Pappalardo pointed out that a European approach for CSR would also be crucial. Finally, she mentioned that the ESDN Conference is an important platform for exchange between national representatives to reflect upon their experiences with European and national approaches.

Ziga Turk, Slovenian Minister for Growth, welcomed the participants on behalf of the outgoing Slovenian EU Presidency. He argued that addressing issues that transcend sectoral borders is an important challenge in the future. Therefore, the concept of SD is crucial to address cross-secoral policy issues. Mr Turk pointed out that Europe does not only have a responsibility to care for its own sustainable development, but also needs to care about global issues.

He identified what he called "ABC challenges" of the developed world. A – Abundance: Increasingly, less money is spent on necessities, but on lifestyle products. The question emerges: What is the value of culture and how can it influence consumption patterns? Mr Turk argued that new products should be rich in cultural values. B – BRIC countries (Brazil, Russia, India, China): These are important countries for innovation and Europe should develop strategies to compete with them in the future. C – Climate change: Greenhouse gas emission reduction is a crucial objective. How to solve the problem while at the same time maintain the current living

standard? Mr Turk argued that a change in values and behaviour of consumer to buy more sustainable products is necessary. Solutions to these challenges have to be found within the EU but also on a global scale.

What regards the EU, Mr Turk argued that in order to reach the EU energy policy goals that were set for 2020, renewable sources would play an important role, e.g. solar power. Additionally, incentives for industry should be established that foster effective ways to produce goods in order to create a low-carbon economy. Companies should increasingly take care not only about their shareholder, but also about their stakeholders and nature.

Concerning the Lisbon Strategy, Mr Turk argued that a coherent strategic framework post-2010 is required. A commitment for this strategic framework was made in the Spring Council and a reflection about the future of the Lisbon process has been started.

4. Sustainable Consumption & Production (SCP)

4.1 Keynote presentations

Timo Mäkelä, Director of "Sustainable Development & Integration" in DG Environment, held the first keynote presentation on SCP. He argued that although a lot has been achieved in the EU on environmental issues, many challenges remain and they are more global and urgent than ever before. To meet these challenges, the renewed EU SDS has been adopted in June 2006. Among its key challenges is SCP.

Mr Mäkelä argued that unsustainable production and consumption are currently taking place and presented some figures to underline his argument. Approx. 70-80 % of environmental impacts in production and consumption derive from transport, food & drinks and housing; due to demographic trends and current living standards, it is predicted that by 2050, consumption will be six times higher than current figures; and current lifestyles are unsustainable, with a need to cut CO_2 emissions by 50 % from current figures.

Therefore, the challenges for the EU are to (a) move towards an energy and resource efficient economy, (b) reduce environmental stress in growing economies, and (c) transform environmental challenges into economic opportunities. Mr Mäkelä argued that to meet these challenges would be no easy task but they provide the framework for public policy-making in the EU. As response to these challenges, the following aspects need to be addressed: (i) Continuously improve the environmental performance of products across their life-cycle, (ii) promote and stimulate the demand of better products and production technologies, and (iii) help consumers to make better choices.

In July 2007, the "Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan" was issued by the European Commission. It includes proposals on better products (e.g. eco-design, eco-label), leaner production (e.g. resource efficiency and eco-innovation, environmental technology verification, revised EMAS) and smarter consumption (e.g. incentives, green public procurement). The Action Plan outlines a following road map with first actions and proposals (i.e. extension of the Eco-design Directive, revision of the Eco-label Regulation, revi-

sion of the EMAS regulation, Communication on Green Public Procurement) and actions to be followed later in 2008 and 2009 (i.e. revision of Energy Labelling Directive, Regulation for Environmental Technological Verification Scheme; etc).

Ronan Uhel, Head of the Spatial Analysis Group at the European Environment Agency, argued at the beginning of his keynote presentation that SCP is far from being rocket science – much knowledge already exists, however, there is very little change in practice. He mentioned that data confirms that housing, food and drink as well as mobility are the product/service categories that cause the highest life-cycle environmental pressure. Moreover, the level of consumption increases constantly and, therefore, municipal waste is also growing.

Mr Uhel argued that environmental impacts of consumption is related to urbanisation, e.g. more citizen live in cities, there are more built-up areas, more consumption of space, more individual transport, etc. The top drivers for urban land development are housing, industrial/commercial sites as well as services and recreation sites. Therefore, he argued that the pricing of land needs to be tackled to reflect the changing demography in Europe. For instance, farmers currently earn much more from selling land than from utilizing it.

Mr Uhel also argued that the growing level of consumption outweighs efficiency gains, partly due to the 'rebound effect'. He underlined this argument by the following examples: There are more energy efficient appliances, but more appliances are used; there is improved insulation in houses, but higher temperatures in houses; and there are more efficient cars, but also more kilometres travelled. Therefore, eco-design is necessary but it will not be sufficient to reach SCP objectives.

Finally, Mr Uhel made several recommendations for the EU Action Plan on SCP, based on the results of the 'Time for Action – Towards SCP in Europe' conference in September 2007: Currently, performance is looked at with the wrong tool. There are many ways of looking at different options, but at the end of the day, policy-makers and the business community look at the GDP. Therefore, it is necessary to 'get the prices right': The calculation must not only include market prices, but also resource costs. The concept of 'beyond GDP' attempts consider these issues.

4.2 Panel discussion on the key challenges of SCP

The panel discussion that followed the keynote presentations was facilitated by the co-chair of the ESDN Steering Group, **Elisabeth Freytag** (Austrian of Agriculture, Forestry, Environment and Water Management).

The panel consisted of **Martin Eifel** (DG Enterprise and Industry), **John Hontelez** (Secretary General, European Environmental Bureau), **Klaus Kögler** (Head of Unit for SCP, DG Environment), Sauli Rouhinen (Finnish National Commission for SD) and **Candice Stevens** (Sustainable Development Advisor, OECD). The panellists were asked to reflect upon three different issues:

(1) Most important issues addressed by the European Commission's Action Plan on SCP

Martin Eifel argued that several of the actions and proposals outlined in the Action Plan and its accompanying documents are important steps to move towards SCP: The proposal for the extension of the eco-design directive is important and must be accompanied by adequate labelling, i.e. translating the eco-design directive into a labelling directive. Additionally, information for consumers is crucial. He also argued that it would be important to develop incentives related to green public procurement (GPP), e.g. fiscal incentives like VAT reduction, etc. Generally, GPP must ultimately be applied to all products and, therefore, has great international implications. The Action Plan's objective of establishing a low-carbon economy involves achieving global sectoral agreements.

John Hontelez said that eco-design and the objectives to improve eco-products as well as long-term energy objectives are important issues that have been addressed in the Action Plan. However, quantified reduction targets are missing. He pointed out that not only setting standards for products is crucial, but also applying financial incentives. For instance, consumers should not be punished for doing something wrong, but rewarded when buying environmentally friendly products. Therefore, the Action Plan will show its real value when it can motivate consumers to buy ecological goods. Finally, he highlighted that public procurement of goods and services is an important area because public administrations are a big consumer on the market.

Klaus Kögler mentioned that better products, leaner production and smarter consumption are the three main topics of the Commission's Action Plan for SCP. He pointed out that the complementarity of actions is important: Before the Action Plan, synergies between different policies have only marginally existed. The Action Plan fosters a dual approach of creating a pull from the market for better ecological products and fostering a push through eco-design measures. He argued that this dual approach of market pull and product push could be the main achievement of the SCP Action Plan. Mr Kögler also acknowledged the importance of the 'well-informed consumers'.

Sauli Rouhinen talked about experiences of the Finnish Action Plan for SCP, adopted in 2005. He argued that is was crucial to involve all important stakeholder groups in the drafting of the Action Plan. Consumers are an important group to be addressed with SCP activities. Moreover, public administrations should lead by example and base their procurement decisions on sustainable principles. Therefore, the public bodies in the EU and the Member States should become frontrunners in SCP and in so doing help create a market for environmentally friendly products. For instance, in Finland each government department must develop an SD Action Plan and lead by example.

Candice Stevens argued that in the SCP discussion, the focus would mainly be on consumption with too little debate about production and social issues. She said that production is the stage that matters most in a move towards more sustainable development. Therefore, governments should focus on the producers and put more pressure upon them to change the ways of production. Moreover, social issues are a crucial: For instance, fair trade products have an impact on government approaches and foreign investment patterns. Moreover, she mentioned that CSR is currently are very soft issues for sustainable production as it is voluntary for com-

panies to engage in social/environmental responsibilities. Therefore, Ms Stevens argued CSR should become mandatory. Finally, she pointed out that the EU currently focuses on consumption, environmental issues and a national perspective, but the crucial topics are production, social issues and an international perspective.

(2) Green Public Procurement (GPP) and/or Sustainable Public Procurement (SPP)

Martin Eifel pointed out that the Dutch government adopted the objective to achieve 100 % of GPP for the national public administration by 2010, which is a very ambitious goal. Generally, a lot of Member States intend to move further towards GPP, but economic arguments still prevail in some Member States.

John Hontelez argued that it would be important to move towards a clear legislation for GPP. GPP can make a difference in the market if producers understand it as a long-term signal, i.e. that there is a market for green products/services. With voluntary approaches, this long-term signal is difficult to achieve. He argued that legislation could also improve the credibility of public authorities by the citizens. GPP could set standards for private consumers because it could be regarded as a best practices example of environmentally friendly consumption.

Klaus Kögler argued that public procurement is the single most powerful tool to provide a boost for more environmental products on the market. However, it would be difficult to have clear standards for defining green products in all the different product groups. Therefore, it may be practical to focus on selected product groups and show that GPP can make a real difference.

Sauli Rouhinen mentioned that the experience in Finland shows that consumers are increasingly confused by the many eco-labels used for different products. He pointed out that Action Plans and strategies are only one way of achieving sustainable consumption. Another important tool is education for SD in general and sustainable consumption in particular.

Candice Stevens argued that GPP is a powerful instrument of how governments can steer environmentally friendly production. However, governments should go beyond GPP and move towards SPP: Social issues should be taken into account by applying international standards.

(3) Rebound effect: Efficiency gained, but more consumption overall

Martin Eifel said that the Commission's Action Plan tries to address the complex issue of SCP and established links to other sectoral policies and strategies.

John Hontelez mentioned three important issues in this context: Firstly, the speed towards eco-efficiency should be increased, i.e. frontrunners should dominate the speed, not laggards. Secondly, the market prices should show the real environmental and social costs of products. And thirdly, education for SD is a crucial issue for the future.

Klaus Kögler argued that the rebound effect is one of the core problems the developed countries face. The rebound effect should be addressed with a comprehensive and differentiated set

of measures. Stabilising the use of resource material could already be achieved to some extent and, therefore, the focus should move towards reducing consumption.

Sauli Rouhinen mentioned that it would be necessary to make the rebound effect and resource consumption visible for everybody. One tool to do this could be the ecological footprint method.

Candice Stevens argued that education for SD is important, i.e. teach children what sustainable consumption means in practice. Moreover, gender issues would be crucial: An OECD study showed that women are more sustainable in their consumption decisions than men are. This would be an important message because women are still responsible for many household decisions. Furthermore, she highlighted that SCP should be a core element in each NSDS.

5. Corporate Social Responsibility (CSR) policies

5.1 Keynote presentations

Richard Howitt, Member of the European Parliament, Rapporteur on CSR in the European Parliament, held the first keynote presentation on CSR policies. He mentioned that there are different ways of how to look at CSR: Some approach it from the environmental/SD perspective, some from the perspective of labour standards, again others focus on corporate governance structures and mechanisms. The SD argument brings into the CSR debate the argument that companies have not yet done enough to combat the challenges of the future.

He mentioned that on the EU level, there have been various initiatives for CSR and the European Parliament made efforts to bring the topic on the political agenda. For instance, the European Parliament set an initiative in 1999 for all companies to address CSR, the Heads of State of the EU Member States did the same at the Lisbon Summit in 2000, and the Commission's Green Paper (2001) and White Paper (2002) also called for CSR uptake in companies. Another important mechanism is the multi-stakeholder forum on CSR that provided space for companies, trade unions, NGOs and other stakeholder to explore common approaches on CSR at the EU level.

In 2006/2007, however, some problems emerged. He highlighted the different views on regulations vs. voluntarism: The European Commission re-enforced an entirely voluntaristic approach to CSR by establishing a 'European Alliance' in which companies themselves drive individual CSR policies in CSR laboratories. The result was that the NGOs began to boycott the multi-stakeholder forum for CSR. The European Parliament took a different view: They emphasised a multi-stakeholder approach, more incentives to support CSR in exiting EU policies and programme, and recommended to de-polarize the debate between regulation und voluntarism by supporting research about regulatory approaches. He argued that without the multi-stakeholder dialogue, many efforts on CSR on the EU level could be diminished.

Nevertheless, there is a lot of agreement between the European Commission (EC), the European Parliament (EP) and the EU as a whole on the challenges of CSR. For instance, there is agreement that CSR strategies are too limited for market leading companies and that the im-

perative to increase the take up of CSR strategies by businesses beyond narrow sectoral is-
sues is a key imperative. There is also agreement that existing international minimum applica-
ble standards should be applied to CSR and that the EU should not invent new standards.
Moreover, the EP agrees with the EC that the Lisbon Strategy can be a useful vehicle for CSR
and show the business case of CSR to companies: This includes the argument to 'mainstream
CSR', i.e. to make it part of the strategic management of companies. Finally, there is agree-
ment that EU policies and programmes can support CSR.

Mr Howitt identified four key challenges for CSR: Firstly, social and environmental reporting is a
key mechanism to evaluate achievements, also for the management within a company. There
are already some EU regulatory responses in this direction, e.g. Accounts Modernisation Direc-
tive. Secondly, public policy support, e.g. funding pilot projects on CSR, spreading the debate
on the topic. Moreover, CSR should be linked to other policies, e.g. public procurement. Thirdly,
the role of the trade unions: Some trade unions representatives are concerned that CSR could
weaken the traditional collective bargaining mechanisms between trade unions and business
associations. Fourthly, the whole issue of verification: If CSR remains a voluntary approach,
then it is crucial to look into issues that have been achieved in companies in the environmental
and social field.

Finally, he spoke about refocusing the EU debate on strengthening the international CSR
mechanisms and initiatives and then to better promote and apply them in Europe. He argued
that the real groundbreaking work is taking place at the global level. Existing government
mechanisms should be used to foster companies that are located in the different EU Member
States to take up CSR principles (e.g. investment programmes, respecting human rights, etc).
Equally important is the announcement of the G8 about the 'Heiligendamm process'.

Reinhard Steurer & André Martinuzzi, both from the ESDN Office at the Research Institute
for Managing Sustainability (RIMAS), presented in their keynote the results of a study on CSR
policies in all 27 EU Member States that RIMAS conducted for DG Employment. A summary of
the study can be found in the [ESDN Quarterly Report June 2008](#).

They outlined at the beginning of their presentation some preliminary conclusions on CSR: (a)
The European Commission defined CSR as a business contribution to SD; (b) since CSR rede-
fines state-business and business-society relations, shaping the CSR concept and activities
also concerns governments and civil society; and (c) CSR policies are a new government con-
tribution to SD that complements traditional social and environmental policies.

The study on CSR policies focused on three topics: (1) CSR awareness raising, (2) SPP, and
(3) Socially Responsible Investment (SRI). In order to get an overview of activities in all EU
Member States in those three topics, telephone interviews were undertaken with responsible
public administrators from government ministries. Based on these interviews, the project team
together with DG Employment selected case studies for each topic for a more in-depth analysis
(again based on telephone interviews). The empirical part of the study was conducted in three
waves between August 2006 and January 2008.

The following results were presented:

- CSR policies are different to traditional policy fields because they rely more on new governance and soft-law (i.e. informational instruments, strategies, platforms, partnering instruments, etc).
- Governments have many possibilities to promote CSR proactively or passively, depending on political ideologies and interests (e.g. change of course by the European Commission in 2005/2006).
- CSR policies complement traditional policies, i.e. they cannot replace social, environmental or trade regulations but can fill public policy gaps (domestically and internationally).
- Environmental ministries are key players for SD, but nor for CSR policies that are mainly located in social ministries (exception of SPP); in the context of CSR, economic ministries have a more important role than environmental ministries.

5.2 Panel discussion on the key challenges of public policies on CSR

The ESDN Steering Group member **Jörg Mayer-Ries** (German Ministry for the Environment, Nature Conservation and Nuclear Safety) moderated the panel discussion.

The panel consisted of **Robert Strauss** (Head of Unit for European Employment Strategy, CSR and Local Development, DG Employment), **Joel Decaillon** (European Trade Union Confederation), **Mariarosa Cutillo** (European Coalition for Corporate Justice), **Francois Fatoux** (Executive Directors, Observatoire sur la Responsabilité Sociétale des Entreprises) and **Richard Howitt** (Member of European Parliament).

Robert Strauss pointed out that as of 2006, the European Commission has decided that the emphasis on CSR should lie particularly with corporations and the 'European Alliance' was promoted. Therefore, businesses should be the main drivers for CSR at the European level. He then outlined eight activities on CSR that the European Commission is currently pursuing: (1) Continue awareness raising and exchanging best practices on CSR for companies and governments; (2) support for multi-stakeholder initiatives; (3) corporation with EU Member States – high-level group of CSR; (4) improve consumer information and transparency; (5) research on CSR; (6) education to understand how CSR can play a role in society and to achieve SD; (7) focus on SMEs and how they can embrace CSR; and (8) the international dimension of CSR which is the number one priority currently for the Commission – Europe wants to become a pool of excellence in a global world. Furthermore, he mentioned that the Commission is aware that not only environmental, but also social issues need to be addressed in public procurement and has, therefore, commissioned a project to develop a guide on how this can be achieved in practice (the guide will be published in late 2008 or early 2009).

Joel Decaillon argued that their experiences at the European Trade Union Confederation shows that different employers behave differently regarding CSR and SD. The main concern for the trade unions is, of course, to maintain jobs and high-level standards for employees. He argued that since the Commission placed businesses at the centre of CSR, indeed some problems emerged. Therefore, he called for more transparency and for a new impulse on multi-stakeholder dialogues on CSR at the European level. Furthermore, Mr Decaillon argued that voluntary schemes will still play a role in CSR, but they are not sufficient. Voluntary schemes

are good as a starting point and for initiating discussions, but strict rules for CSR are now necessary and should also be enforced in order to achieve progress. In the context of CSR, there is a need for rules to be drawn up, enforced and internationally promoted. He pointed out that the EU has power to foster initiatives on the international stage, e.g. the Kyoto process.

Mariarosa Cutillo represents the Coalition for Corporate Justice that consists of 250 associations, NGOs and networks all over Europe. It was established about 2 years ago. What unites the coalition is that they have a very clear approach to CSR. Their idea of CSR has to do with human rights and environmental standards in the whole supply chain. They have cooperated with the European Parliament on CSR and have recently published a report, "Fair Law – Legal opportunity in the whole supply chain". This report includes some specific requests on CSR. One of their main issues of concern are human rights, i.e. states have to protect human rights also in countries where their national companies operate, which is a progressive interpretation of international law. Furthermore, she mentioned that there are different policies on CSR on different political levels and thus called for more coherence of CSR policies. She argued that a single global set for CSR is necessary, also to address the polarisation between regulations vs. voluntarism. Furthermore, she acknowledged that NGOs left the multi-stakeholder dialogue on the EU level. However, this was not because they are not interested in CSR, but because they want to discuss certain important issues: Firstly, the issue of direct liability. Secondly. the responsibility of parent companies for the whole supply chain. Lastly, mandatory social reporting and human rights impact assessments.

Francois Fatoux represents the Observatoire sur la Responsabilité Sociétale des Entreprises, a network which comprises most European companies that are committed to SD, but also involves trade unions, NGOs and investors who are committed to ethical investments. They have been particularly focusing on a multi-stakeholder approach. Within CSR Europe, they have organised workshops on stakeholder engagement and have published a practical handbook for businesses and trade unions. He argued that it would be important that governments also apply commitments, rules and standards that are foreseen for companies, including CSR reporting. Mr Fatoux pointed out that the role of trade unions is somewhat changing as companies increasingly engage with other stakeholder groups. He also argued that international framework agreements are crucial in order to make the approach of companies more credible. In the context of global reporting initiatives, it would be important to involve businesses in developing the criteria on which they have to report – after strategic objectives are set, the individual indicators should be negotiated to increase the relevance of these indicators.

Richard Howitt argued that it is important for governments to have a coherent strategy on CSR and SD when they approach companies. For companies to address CSR and SD issues, they need clarity on environmental and social issues. It is crucial that companies apply common systems of auditing and inspection. Therefore, CSR should not just be an interesting debate for governments but an area where governments are an active player that establishes a clear framework for companies.

6. Working Group results

Instead of having one working group session on SCP policies and a second one on CSR policies, the two working group sessions at the ESDN Conference 2008 discussed both themes in parallel, giving the participants the freedom to discuss both themes or concentrate on one theme only. In total, the participants discussed 5 topics on SCP and CSR during the two working group sessions and reflected on facts, challenges and options in each topic. Representatives of the ESDN Office and Polynôme Communication moderated the working groups. The working group results on the five topics were presented to the plenary by members of the ESDN Office and are summarised in the tables below. The presentation of each working group result was followed by a panel discussion with inputs from conference participants.

The panel was moderated by **Herman Sips** (Dutch Ministry of Housing, Spatial Planning and the Environment) and consisted of **Cornis van der Lugt** (United Nationals Environment Programme - UNEP), **André-Jean Guérin** (French Ministry of Ecology, Energy, Sustainable Development and Spatial Planning) **Wolfram Tertschnig** (ESDN co-hair, Austrian Ministry of Agriculture, Forestry, Environment and Water Management), and **Angelika Zahrnt** (Member of the German Sustainable Development Council).

6.1 Results of the five working group topics & panel discussion on the working group results

**Topic 1: Relevance of the EU Action Plan on SCP for SD strategies –
Working Group results**

Facts:
- SCP is still a controversial issue, there is much ambiguity about the Action Plan
- SCP – NSDS processes: Parallel vs. integrated processes in the Member States
- EU Action Plan on SCP does not include: lifestyles, social dimension, consumption

Challenges:
- Important to link the Action Plan to the global dimension
- Test the completeness of the Action Plan
- Need for education on SD/SCP (including consumers, producers, retailers, service sector, etc.)
- Controversial issue: Consumption → Do we need to consume everything all the time? Is there a need to reduce consumption?
- Crucial issues for the future: "Getting the prizes right"

Options:
- Incentives and assistance (for corporations, consumers, etc.)
- SPP should be the starting point
- Application of research results on SCP / knowledge transfer / best practices
- European Commission should publish Green Paper/Communication on Education for SD

- Communication necessary to explain the vision of the Action Plan and the solution offered
- EU-level plan required to enable national SCP strategies
- Identify all actors along the supply chain → defining actions for each actor, i.e. the Action Plan needs to define roles for the various actors

Panel discussion:

Angelika Zahrnt argued that currently, life style issues are insufficiently addressed in SCP debates. She furthermore pointed out that the contradictions between growth and SD are rarely addressed by governments, only by NGOs. However, not all is about efficiency and growth because culture and life styles play an important role in how societies function.

André-Jean Guérin mentioned that SCP and related issues need time for reflection until they are included in policy-making. He pointed out that climate change clearly signalled a necessity to reduce resource consumption. Moreover, there are different values involved in the debate. The concept of 'Beyond GDP' may deliver additional indicators of what we mean by well-being.

There were several contributions from conference participants regarding consumption patterns. While one participant argued that it is more important to change consumption patterns rather than reduce consumption, another participant pointed out that reducing consumption must be an objective because the current economy is built on constant growth and increasing consumption. Other participants highlighted the importance of education for SD in order to achieve SCP. Again another participant said that education will not suffice and argued that adequate infrastructure is also crucial to foster SCP.

**Topic 2: How can public policies on CSR contribute to SD? –
Working Group results**

Facts:
- CSR is a contribution to SD
- Governments should promote CSR with soft-laws
- But: CSR policies are "the icing on the cake" (cannot replace law/meet important objectives)

Challenges:
   (1) How to improve transparency, comparability, traceability and verification of corporate practices (production chains)?
   (2) How to bring CSR to society (stakeholder groups)?
   (3) How to better integrate CSR policies (horizontally: SD-CSR, vertically: EU-MS)?

Options:
   Ad (1) Reporting laws, labels, management tools (GRI, ISO ...), "ask for traceability of production chains", economic incentives (SRI)
   Ad (2) Raise awareness, facilitate social dialogues, make use of labels, involve actors (un-

ions)
Ad (3) Lead by example (or "walk the talk") by facilitating SR in governments, SPP, SRI, reporting, stakeholder dialogues

Panel discussion:

Cornis van der Lugt argued that a consistency with international CSR standards (e.g. OECD guidelines, GRI, etc) is crucial and should be fostered along the supply chains. Moreover, a stronger partnership between governments and companies could be fruitful. Generally, governments should 'lead by example' (i.e. SPP). He pointed out that exchanging experiences between governments on SPP is a crucial factor for learning and further improvements.

Wolfram Tertschnig mentioned that accountability approaches are necessary, i.e. to look at the management system approach for CSR in companies. He argued that more responsible behaviour of companies is important and that CSR should not be limited to complying with social and environmental legislation.

Some participants focused in their statements on the role of governments: One participant said that as the results of the study by RIMAS show, governments have different options for CSR policies. This would imply that governments could take a proactive or reactive role in how they approach CSR policies. Another participant pointed out that governments spend public money and should, therefore, be aware of SD issues. 'Leading by example' could be a positive contribution to CSR and SCP and inspire other stakeholder groups. Another issue raised by the participants was the voluntary character of CSR: One participant argued that as voluntary approach, CSR is not only a weak mechanism, but it also does not sufficiently contribute to SD – more should be done on social innovation and well-being.

**Topic 3: Integrating CSR in SD strategies –
Working Group results**

Facts:
- Different actors involved in all countries
- OECD, ILO, UN form a common ground but are implemented differently
- Great variety of CSR policies (e.g. obligatory reporting, pension funds, CSR strategy, local level)

Challenges:
- How to link top-down-SDS with bottom-up-CSR?
- How to leave flexibility for companies / countries and ensure coherence of CSR policies in Europe?
- Gap between scientists, policy makers and managers

Options:
- Continuous stakeholder dialogues
- Awareness raising and information for companies

- Awards, prices
- Sustainable public procurement
- National CSR strategies

Panel discussion:

André-Jean Guérin said that European governments have sometimes a problem in defining specific requirements (e.g. social performance, environmental objectives). Rather than trying to formulate clear objectives, they put everything on the shoulder of businesses. Therefore, he argued that there should be clear regulations about possibilities and constraints within which companies should act. CSR should allow companies to prepare themselves for new requirements and challenges.

Cornis van der Lugt pointed out that CSR focuses on the micro-level and is about transformation and strategic management in companies. Governments should develop regulations with a clear vision and also use carrots (i.e. creating an environment favourable for business innovations) and sticks (clear accountability and reporting) approach. He mentioned that experience shows that companies are interested in discussions with society about regulations. But there should be smart regulations that set incentives and award innovative companies.

Wolfram Tertschnig argued that most debates focus on the business case of CSR. He pointed out that CSR should, however, be viewed as a strategic business case and an instrument for innovation. CSR as strategic management approach could foster innovation and would pay off in the long-term.

The participants addressed CSR as governance issue, but the need for more regulation on CSR was seen differently: One participant argued that CSR policies are important to close the SD governance gap. So far, however, CSR does not comprehensibly contribute to SD. If CSR is important for SD, it should not remain a voluntary instrument. Another participant argued that CSR is a core part of businesses and there is no need for special regulations. NSDSs should formulate objectives for CSR and stimulate bottom-up activities from companies. Again another participant argued that the structure and level of decision-making for the three pillars of SD is different. Therefore, NSDSs should set out an overall framework for CSR and show how it could contribute to SD.

Topic 4: How to foster SPP? –
Working Group results

Facts:
- GPP more often addressed than SPP (in guidelines, regulations, etc)
    - Environmental issues easier to include
    - Environmental issues focused on product rather than process
    - Difficult to specify social criteria
- GPP implementation: Are environmental criteria really decisive factor in public procurement?

- o Guidelines not clear enough; not enough awareness
- Public purchasers: Lack of capacities for GPP/SPP purchasing decisions (functionality, specifications, etc)

Challenges:
- Training for public purchasers crucial (e.g. life-cycle costing)
- Specify social criteria for public purchasing
- SPP needs cross-sectoral approach to acknowledge coherence, but clear responsibilities for each sector (SD Action Plan) & monitoring

Options:
- Step-by-step approach:
    - o Develop clear (quantified) criteria for GPP; make GPP mandatory
    - o Comprehensive GPP first in sectors with biggest impacts on environment (i.e. construction, transport, food & drinks)
    - o Then address social & environmental issues (SPP)
- Clear signals & high-level political support for SPP (NSDS, policy frameworks, etc)

Panel discussion:

Angelika Zahrnt argued that is it important to start with public procurement, maybe first with GPP, followed by SPP. GPP/SPP should also become priorities in policy-making. Moreover, she pointed out that coherence between the different government ministries for GPP/SPP is important and asked whether it would be necessary to establish a minister/commissioner for GPP/SPP in each EU Member State.

Wolfram Tertschnig argued that it is necessary to move from recommendations to actions, i.e. to establish some quantitative targets for GPP/SPP. Evidence shows that GPP/SPP is not even comprehensibly approached in those ministries that are responsible for SD.

André-Jean Guérin pointed out that the higher costs of GPP/SPP might be an obstacle for many countries and government ministries. Moreover, the different EU Member States have a different focus and approach on GPP/SPP.

The participants brought in their experiences with GPP/SPP: One participant argued that the main obstacle for SPP would be the fact that many purchasers are not aware of green and sustainable criteria. In most countries, the decisive factor of procurement would be efficiency. Another participant mentioned that environmental criteria are somewhat easier to include in procurement criteria and decisions. Again another participant pointed out that in Sweden, social criteria are included in public procurement manuals (based on ILO standards, declaration of human rights, ISO 26000), but there needs to be commitment from the government. Finally, one participant said that ILO standards are lower than legal standards in many EU Member States and, therefore, the social dimension for public procurement decisions needs further discussion and careful framing.

**Topic 5: Government / non-government interface –
Working Group results**

Facts:
- Great variety of experiences (national SD councils, specialized platforms, ad-hoc)
- Varying quality (professionalism often missing, NGO often not allowed)
- Participation trap for NGOs (lacking resources, political misuse or as free consultants)

Challenges:
- Keeping momentum (create incentives, ensuring continuity, focus on concrete results)
- Integrating non-organized interests (frontrunners, individuals)
- Representativeness of business organizations (integrate SME)
- Treating NGOs properly (provide access to information, financial compensation)

Options:
- Increasing professionalism (clear rules of the game, appropriate tools)
- Including all relevant interests (equal footing, institutions + frontrunners)
- Creating incentives (GPP to motivate SME, visible impacts)
- Creating a specialized watchdog NGO dedicated to CSR

Panel discussion:

Angelika Zahrnt argued that GPP/SPP needs strong policies, e.g. binding targets, good management of the process, reporting of results, etc. It is also important to involve other stakeholders in the process, e.g. NGOs could be an external watch dog.

Cornis van der Lugt also mentioned that GPP/SPP should involve a multi-stakeholder process. When addressing international trade issues, stakeholders from abroad should be included and bring in their expertise and knowledge.

7. ESDN Activities: Review and outlook

In the concluding session, the ESDN co-chairs, **Elisabeth Freytag & Wolfram Tertschnig**, informed the participants that the next ESND Conference in 2009 will take place in Prague, Czech Republic, in June 2009. It will be hosted by the Czech EU Presidency in cooperation with the Swedish EU Presidency.

Then they gave an overview of recent ESDN activities: The website visitors and page views on the ESDN website have been constantly increasing since the launch of the website in spring 2006. A peak in visitors and page views can be detected shortly after the ESDNewsletters are distributed. They also provided an overview of visitors and page views of the individual Quarterly Reports.

Ms Freytag and Mr Tertschnig also presented some experiences made with the two ESDN Workshops that have been organised so far. The first workshops was held in Cascai, Portugal, in November 2007 on "Sustainable Development Indicators at the EU level" (hosted by the Portuguese EU Presidency). The second workshop took place in Berlin, Germany, in April 2008 on "Experiences with Participatory Tools and Mechanisms" (hosted by the German Ministry of Environment and German Environment Agency). ESDN members and experts on the respective topic participated in the workshops. The participants were particularly satisfied with the possibility of an in-depth and informal exchange of information and experiences. The workshops were organised by the ESDN Office, in cooperation with the respective hosts. The ESDN Office also prepared a workshop discussion paper (as input for further discussions) and a workshop report (summarising the debates). A full documentation of the workshops can be found on the [workshop section on the ESDN homepage](#).

Finally, the ESDN co-chairs thanked the representatives of the French Ministry of Ecology, Energy, Sustainable Development and Spatial Planning for hosting the ESDN Conference 2008. They also thanked Reinhard Steurer, who left the ESDN Office after the conference, for his efforts and engagement in running the Office Team. André Martinuzzi from the Research Institute of Managing Sustainability is the new coordinator of the ESDN Office.