

Eurosif Response to the European Commission Communication on Corporate Social Responsibility (CSR) COM(2011) 681 Final

December 5, 2011

Eurosif welcomes the Commission's communication on a renewed strategy for Corporate Social Responsibility published on 25 October 2011. Eurosif very much supports the idea that well-designed and implemented CSR practices can enhance long-term competitiveness for European companies, thereby contributing to the Europe 2020 Strategy for smart, sustainable and inclusive growth.

In particular, Eurosif welcomes the philosophical view of CSR as "the responsibility of enterprises for their impacts on society", and the explicit reference to ethical, human rights and consumer concerns as well as the notion of maximising the creation of shared value.

Eurosif is pleased to see that a specific section on investment is included in the communication and that the need for improved levels of disclosure and transparency is highlighted throughout the communication. Overall, Eurosif is supportive of the idea of considering a requirement for investors to inform their clients about any ethical or responsible investment criteria they apply or any standards and codes to which they adhere. We believe that investors, just as enterprises, should provide adequate non-financial disclosure on their practices and policies to their clients and other stakeholders. However, Eurosif would draw to the attention of the Commission the need to carefully think through the parameters of such an initiative. We also believe that it is essential that the disclosure requirements promote the use of assurance mechanisms covering the implementation of the above investment criteria, standards and codes. The disclosure requirement should also promote reporting on all material aspects.

Eurosif regrets that the communication is not more specific about the importance of Corporate Social Responsibility in the context of the upcoming Rio+20 Summit. Eurosif would also have welcomed an explicit mention of good corporate governance practices as an essential prerequisite to CSR. From an investment community perspective, sound corporate governance is an important factor of long term growth.

Although Eurosif believes that enterprises should lead the way on CSR, and is supportive of the smart regulatory mix approach promoted by the Commission, Eurosif hopes that the Commission will seek an appropriate balance between self- and complementary regulation in order to really foster a significant change in practices.

Eurosif looks forward to future developments from the Commission in this field in the coming months and remains at the disposal of the Commission for further exchange of views.



About Eurosif

EUROSIF, the European Sustainable Investment Forum, is the pan-European network whose mission is to develop sustainability through European financial markets. Eurosif works as a partnership of the national Sustainable Investment Forums (SIFs) within the EU and with the support and involvement of Member Affiliates. Recognised as the premier European forum for sustainable investment, Eurosif's Member Affiliates are drawn from leading institutional investors, asset managers, NGO's, trade unions, academic institutes and research providers, together representing assets totalling over €1 trillion. Eurosif's work includes a focus across asset classes - equity and fixed income markets, microfinance, renewable energy, property, private equity and hedge funds - all centred on the industry trends and future legislation affecting this space.

For the full list of Eurosif Member Affiliates and Reports, please see www.eurosif.org

Eurosif has two main roles: (1) to provide an international forum that allows members and member affiliates to work together on issues pertaining to Sustainable & Responsible Investment (SRI, see below for definition of SRI and its market size in Europe) and Corporate Governance in the EU financial services sector, and (2) to collect input from members and member affiliates and then communicate their ideas and initiatives to European policy makers, including the European Commission as well as the European Parliament. Therefore, this note is mainly driven from and by the interest and expertise of our membership.

Sustainable and Responsible Investment Definition

Eurosif continues to use the term "SRI" as the most readily acknowledged expression for this field and defines SRI as follows:

Sustainable and Responsible Investing (SRI) is a generic term covering any type of investment process that combines investors' financial objectives with their concerns about Environmental, Social and Governance (ESG) issues.

Market Size

Eurosif's latest SRI market study, the European SRI Study 2010, indicated that total SRI assets under management (AuMs) had reached €5 trillion as of December 31, 2009. The SRI market experienced compound annual growth-rate (CAGR) of 37% since the previous study was published in 2008, which is significant, especially in view of the financial crisis. This biannual study is based on a survey of asset managers and self-managed asset owners in nineteen European countries.