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University of Zagreb
Faculty of Economics and Business
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**CORPORATE SOCIAL RESPONSIBILITY AS A STRATEGIC
PERSPECTIVE OF THE EU**

BACHELOR THESIS

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1. INTRODUCTION

In 1970s, Milton Friedman proposed an idea which states that corporation's sole purpose is to make profit, regardless of the impact on other stakeholders – shareholder capitalism. This idea soon became the *conditio sine qua non* in the corporate world. However, in 1990s, a new possible explanation to corporation's purpose came to being: corporate social responsibility. Corporate social responsibility (CSR) encompasses the corporation's positive actions towards its: employees, suppliers, community, and the environment. CSR is a relatively new approach in doing business, however, it has its roots going back to the beginning of the 20th century in paternalism and philanthropy. Those two concepts will be further mentioned and explained in this thesis in the context of Precursors to CSR. The CSR approach states that the corporation is obliged to do and engage more with the problems that face the society and the corporation's stakeholders. Finally, not only is CSR morally commendable, it is commercially viable – companies that engage more in CSR tend to be more profitable (Business Ethics – The Magazine of Corporate Responsibility, <https://business-ethics.com>, Accessed on: 07.15.2020.)

2. CORPORATE SOCIAL RESPONSIBILITY

In chapter 2 (Corporate Social Responsibility) the following points will be discussed: Corporate Social Responsibility (CSR) Overview, Corporate Social Responsibility (CSR) Leadership, Societal Perception, and Corporate Models, Corporate Social Responsibility (CSR) Models, Corporate Social Responsibility (CSR) in Practice, and Company Organization and Integration of Corporate Social Responsibility (CSR). CSR Overview will discuss the general characteristics of modern CSR and its history. CSR Leadership will argue how company management influences CSR and vice-versa. Societal Perception, and Corporate Models will depict various corporate models and how they relate to CSR. CSR Models will show various frameworks of how CSR functions. CSR in Practice will explain real-world applications of CSR. Finally, Company Organization and Integration of CSR shows how companies make efforts to integrate CSR into their everyday business model.

2.1. CSR Overview

In this chapter, corporate social responsibility (CSR) will be discussed through the following main points. First, CSR Overview will discuss: the definition of CSR, main actors in CSR, precursors to CSR, and recent trends in CSR. Definition of CSR will be concerned with how the definition of CSR relates to other stakeholders for the company. Main actors in CSR will show companies adopting or interacting with CSR. Precursors to CSR will explain how industrial paternalism and philanthropy were the building blocks of future CSR development. Finally, recent trends in CSR development will argue how modern CSR developed from 1990s onwards.

2.1.1. Defining Corporate Social Responsibility and Main Actors in CSR

Corporate Social Responsibility (CSR) can be identified through many definitions. Some of the following are: „the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm“ (Peng, 2008), „the economic, legal, ethical and discretionary expectations that society has of organizations“ (Sims, 2003), and finally; „policies and practices of corporations that reflect business responsibility for some of the wider societal good. Yet the precise manifestation and direction of the responsibility lie at the discretion of the corporation“ (Matten et al., 2008).

Milton Friedman, the Nobel-prize awarded economist, in his time argued that the sole purpose of the corporation is to maximize profit and in turn the return to its shareholders. He regarded CSR as „a fundamentally subversive doctrine“ (New York Times Magazine, 1970). On the other hand, the thinkers on the American political left, such as Robert Reich as former US Secretary of Labour, thought of CSR as intruding upon the normal functioning of the government (Moon, 2014).

According to Moon (2014), definitions noted can be encompassed in the following features:

- business responsibility to society (being accountable)
- business responsibility for society (in compensating for negative impacts and contributing to societal welfare)
- business responsible conduct (the business needs to be operated ethically responsibly, and sustainably)
- business responsibility to and for society in broad terms (including environmental issues); and
- the management by business of its relationships with society

There are many actors practising CSR. They are listed in the table below.

Table 1: Organizations adopting or engaging with CSR (Moon, 2014)

<i>Business</i>	national corporations; MNCs; SMEs, SOEs; family-owned businesses business associations (e.g. Institute of Directors, Chambers of Commerce)
<i>Labour</i>	national trade unions; international trade union organizations (e.g. ILO; International Trade Union Confederation, IndustriALL Global Union, the International Union of Food Workers)
<i>Finance</i>	national stock exchanges, Dow Jones Indeks, FTSE Indeks
<i>Government</i>	local, provincial, national governments; international governmental organizations (e.g. the UN, the OECD, the World Bank)
<i>Civil Society</i>	local community organizations; national and international campaigning and service delivery non-governmental organizations (e.g. Oxfam, Amnesty International, World Wildlife Fund for Nature)
<i>Professional</i>	law firms; accounting, human resources, purchase & supply associations

2.1.2. Precursors to CSR and Recent Trends

When it comes to the historical development of CSR, one can track its roots in various religions and philosophies throughout history, such as: Christianity, Confucianism, Islam, Hinduism, Buddhism, etc. The main characteristic of all these is the obligation of an individual to do good in his/her community. Likewise, we can link this to the concept of reciprocity or the Golden Rule – „treat others as you'd like to be treated yourself.“

Since business people have been around for the past few centuries, two dominant concepts emerged as antecedents of CSR: philanthropy and paternalism. „Philanthropy involves charitable giving to worthy causes on a large scale. Philanthropy must be more than just a charitable donation. It is an effort an individual or organization undertakes based on an altruistic desire to improve human welfare. Wealthy individuals sometimes establish foundations to facilitate their philanthropic efforts“ (Investopedia, <https://www.investopedia.com/terms/p/philanthropy.asp>, Accessed on: 07.16.2020.).

Most notable historical figures in philanthropy have been Americans John D. Rockefeller and Andrew Carnegie. Today, Bill Gates has become a synonym for philanthropy. Moving from high net-worth individuals to corporate foundations, the most active are the following: Ford, Leverhulme, Novo Nordisk, Nuffield, Shell, Tata, or Velux foundations.

Corporate philanthropic efforts can be associated with: relief of poverty, alleviation of disease; and the advance of education, science, and the arts (Moon, 2014).

“He who dies rich, dies thus disgraced...” – Carnegie argued. In the early 1900s, Andrew Carnegie founded the Carnegie Corporation of New York to fund education, the Carnegie Endowment for International Peace, the Carnegie Foundation for the Endowment of Teaching, and the Carnegie Institution of Washington, which conducts scientific research. He built over 2500 libraries with 56 million USD from his charitable funds. That’s 1,512 million USD in today’s currency, adjusted for inflation. Carnegie believed that: “businesses and the wealthy were stewards or caretakers of their property, holding it in trust for the benefit of society as a whole” (Wulfson, 2001).

Industrial paternalism was a concept whereby industrial magnates of the 19th century provisioned housing, education and recreational facilities, and opportunities for workes (Moon, 2014).

One of the well known examples of this concept was the community of Cadbury's „Bournville“ village. Bournville is a model village. Model villages are communities which are self-contained, built from the 18th century onwards by business magnates and landowners to house their workers (Wikipedia, https://en.wikipedia.org/wiki/Model_village, accessed on: 07.17.2020).

From 1990 onwards, CSR has been developing more rapidly. As opposed to the past practices of paternalism and philanthropy, modern CSR uses the language of sustainability and sustainable development to align itself with broader societal agendas. In other words, modern CSR entails much greater closeness to the activities of charities, non-governmental organizations (NGOs) and governments. Benetton is a good example of a company engaging in modern CSR.

“Benetton has appropriated for its advertising campaign actual news photos of social events that portray various calamities of the time. These include pictures of a duck covered with thick oil, a bloodied mafia murder victim, depictions of child labor, and a terrorist car bombing. As part of a representation of politics, Benetton struggles to reposition itself less as a producer of commodities and market retailer than as a corporate voice for a particular definition of public morality, consensus, coherence, and community” (Giroux, 1993-1993).

In the last 30 years, CSR moved from the margins to the mainstream. One of the reasons why it became mainstream was because it became a response to an event or issue which showed the company in a poor light. One need not look any further than from the example of Nike and its

initial denial about its responsibility for working conditions in its supply chain to becoming an industry leader in transparency and third party assurance of its supply chain.

As a result of the growing demand by companies for CSR information and knowledge, numerous CSR media emerged.

Table 2: CSR media according to Moon (2014)

CSR Wire (1999 USA)	is a digital media platform for the news, views and reports in CSR and sustainability
Ethical Performance (1999 UK)	provides news and analysis on CSR issues
Ethical Corporation (2001 UK)	provides business intelligence for sustainability
The Business Respect (2001)	email newsletter gives news and commentary on CSR worldwide
Corporate Knights (2002 Canada)	produces corporate rankings, research reports and financial products based on corporate sustainability performance

2.2. CSR Leadership, Societal Perception, and Corporate Models

Since the beginning of the 20th century, it's been long understood that without firm leadership commitment towards the respective goals, CSR will yield mediocre results at best. George Perkins, a top executive in early 20th century American insurance, steel and banking argued that: „the larger the corporation becomes, the greater becomes its responsibilities to the entire community.“ David Packard, co-founder of Hewlett-Packard, suggested to his employees that a company's purpose is „to make a contribution to society, a phrase which sounds trite but is fundamental“ (Moon, 2014).

Walmart, the biggest private employer in the world employing 2 million people, committed to its sustainability goals back in 2005:

- to be supplied 100% by renewable energy
- to create zero waste
- to sell products that sustain people and the environment

These are the goals which are incorporated into Walmart's strategy of low-cost which pursues efficiency. This leads to the conclusion that CSR and being profitable are not mutually exclusive, but on the contrary – they are complementary (Stankevičiūtė et al., 2012).

A McKinsey's survey (2005) found that 84 percent of business executives believe that companies should balance profits with contribution to the public good. Furthermore, a 2013 survey of CFOs, who are often regarded as CSR sceptics, found that most of them consider CSR as „important in their business strategies“ (Moon, 2014).

Finally, Siemens is a good example of company leadership engaging in CSR reactively. After the corruption scandal in 2008 where Siemens was fined \$1.6 billion, its top management and board of directors decided to make compliance the „cornerstone of its business“ (Sidhu, 2019).

To fully understand the importance of CSR, one must see how the public reacts to it. Millennium Survey on CSR of 25,000 people in twenty-three countries in six continents found that the overwhelming majority had expectations that business responsibility should increase. This put a great deal of responsibility on behalf of the corporations to act accordingly, or in other words: „the ball is in their court“ (EnviroNics International Ltd. https://globescan.com/wp-content/uploads/2018/01/GlobeScan_MillenniumPoll_1999_FullReport.pdf, Accessed on: 07.18.2020).

Social concern about the responsibility of business is also increasing. Forty years ago, 60 percent of UK respondents agreed that „the profits of large companies help make things better for everyone who uses their products and services.“ In comparison, over the last two decades, only about a quarter of respondents agree. Furthermore, when evaluating the ethics of companies, the public is very sensitive about issues such as: executive pay, bribery and corruption, or hard economic times.¹

Civil society has become much more involved when it comes to corporate responsibility and irresponsibility. NGOs such as Christian Aid and Corporate Watch have focused on corporations that claim responsibility, as a basis for criticism. Other organizations used the new media to promote CSR as is the case with Greenpeace's campaign against Nestlé S.A.'s impact on orangutans' habitat in Malaysia via a spoof YouTube Kit-Kat advertisement (Financial Times, <https://www.ft.com/content/90dbff8a-3aea-11e2-b3f0-00144feabdc0>, Accessed on: 07.18.2020).

¹ Moon, J.(2014), *Corporate Social Responsibility: A Very Short Introduction*, Oxford University Press, Oxford.

Corporate-centred to Corporate-oriented

As CSR became more part of the mainstream, its shift moved from being corporate-centred to corporate-oriented. Corporate-centred means when corporation decides for itself what its responsibilities will be in the context of CSR. Corporate-oriented is when other stakeholders like the government and NGOs are involved in defining and securing CSR of a business.

Corporate-centric behavior was dominant during most of the 20th century in the form of philanthrophism or paternalism, as discussed before. In contrast, corporate-oriented behavior is reflected in three main developments. First, the CSR agendas are incorporated to include the supply chains and their downstream effects. Secondly, corporations now often join a CSR organization or is ranked as compliant with a CSR standard. Thirdly, corporations form partnerships with governments, NGOs or other businesses in the context of CSR.

In the past, behavior of NGOs has been mainly antagonistic towards corporations. Today, many NGOs engage in cooperation with corporations in the fields such as: human rights (Amnesty International), famine and poverty relief (Oxfam), or the environment (the World Wildlife Fund for Nature). On the other hand, corporations themselves turned more towards NGOs to improve their community and charity engagement.

Worldwide, governments of different orientations have introduced policies on CSR. By different orientations it is meant that social democratic (e.g. Denmark), liberal (e.g. USA) or socialist (China) all implement the respective policies. The policies range from; endorsing CSR, facilitating it, or even mandating it of corporations (Moon, 2014).

2.3. CSR Models

Three main reasons can be identified as to why frameworks for CSR management are important. Firstly, frameworks are used by companies in order to determine what they may be responsible for, to whom and why, and based on that develop CSR strategies. Secondly, frameworks help companies in managing their organizational systems and resources which are used to implement the CSR policies. Thirdly, frameworks assist companies in the external communication of their CSR.

Four influential frameworks can be identified: *the CSR pyramid*, *the stakeholder model*, *the triple bottom line approach*, and *the shared value approach*.

Archie Carroll, a professor of management, devised the concept of the „CSR pyramid“. According to him, a corporation has four types of responsibilities, formed in a hierarchy. First one is the Economic (to be profitable, which is required by society) which is the foundation of the pyramid. Second one is Legal (playing by the rules, which is required by society). Third is Ethical (to do the right thing, which is expected of society). Finally, fourth, the peak of the pyramid, is Discretionary (to be a good corporate citizen, which is expected and desired by society).

The „CSR pyramid“ framework is useful since its advantage is its simplicity. Furthermore, it's pragmatic since the basis or the „foundation“ of the pyramid is the economic responsibility. In other words, effective CSR is predicated on the company's profitability. A manager's task, when using this framework, would be to manage tensions that arise between the economic, the legal, the ethical, and the discretionary responsibilities.

„Stakeholder management“ was popularized by R. Edward Freeman, a professor of business ethics and consultant to companies. According to this framework, stakeholders are those upon which the company depends. There are primary and secondary stakeholders involved. Primary ones are: suppliers and customers, investors, employees, government, and communities. Secondary stakeholders are the media and civil society organizations. If the interests of all these stakeholders are aligned, the company not only achieves its CSR goals but also accomplishes a recipe for commercial success. In other words, the stakeholder approach is „good for business“.

Starbucks is a company which employs the stakeholder approach. It sums up its approach to global responsibility like this: „Above all, Starbucks believes in engaging, collaborating and openly communicating with our stakeholders“ (Moon, 2014).

There are a few limitations to the stakeholder framework. First one is that when speaking of „the natural environment“ as a stakeholder, it is tricky to assume who speaks for the environment and how its interests and values are best served by companies. Second limitation is that this approach/framework is very actor-centred. In other words, it underestimates broad societal impacts of companies such as the case where Starbucks avoids paying taxes through its strategic tax minimization policies.

The strengths of the stakeholder framework is that it identifies to whom the companies are responsible for and argues that companies find solutions which reflect the interests of the stakeholders. Furthermore, the stakeholder approach addresses the „separation issue“ whereby it provides the solution to the problem. The solution to the „problem of separation of profitability and ethics“ is that if a company is responsible to its stakeholder, it will be rewarded in business terms.

The „triple bottom line“ is an accounting approach/CSR framework which refers not only to profits but also to society and the environment or in other words: people, planet, profit (Investopedia, <https://www.investopedia.com/terms/t/triple-bottom-line.asp>, Accessed on: 07.19.2020.).

In order for companies to be sustainable, they have to take into account how these 3 Ps interact between themselves.

This approach is known for its simplicity. Procter and Gamble's Supplier Environmental Sustainability Scorecard tracks how its suppliers handle energy and water use, waste disposal and greenhouse gas emissions, and through it P&G measures and rewards the suppliers (IndustryWeek, , <https://www.industryweek.com/the-economy/environment/article/21947531/pg-launches-supplier-environmental-sustainability-scorecard#:~:text=The%20Procter%20%26%20Gamble%20Co.&text=The%20new%20scorecard%20will%20assess,year%2Dto%2Dyear%20basis.>, Accessed on 07.19.2020.)

P&G states that the new scorecard will be used to pinpoint where additional effort is needed to achieve the company's ambitious long term vision, which includes:

- Plants powered by 100% renewable energy
- 100% renewable or recycled materials for all products and packaging
- Zero waste from factories or consumers going to landfills
- Products that delight while maximizing conservation of resources“ ([Triple Pundit, , https://www.triplepundit.com/story/2011/pgs-sustainability-scorecard-spreads-wave-green-down-supply-chain/78276](https://www.triplepundit.com/story/2011/pgs-sustainability-scorecard-spreads-wave-green-down-supply-chain/78276), Accessed on: 07.19.2020.)

Michael Porter and Mark Kramer, popular contributors to management theories, suggest a „shared value“ framework. Shared value approach is based on stakeholder logic but concentrates more on the objective of shared value as a source of innovation and competitive advantage for companies rather than on the method of managing for stakeholders. Porter and Kramer suggest that companies should focus on creating products and markets in order to fulfill

what societies need; to redefine productivity in the value chain, in order to maximize positive and reduce negative impacts; and likewise to foster local cluster development, to extrapolate the benefits of network approaches to business and societal wider problem solving.

Critics argue that this framework brings little new ideas to CSR thinking. However, this approach is praised because of its focus on business success with responsibility instead of responsibility alone.

Nestlé S.A. in its statement shows how it's a good example of how shared value approach works: „we believe that, to succeed as a business in the long-term and create value for our shareholders, we must also create value for society. Our aim is to provide safe, responsibly produced food and beverages of the highest quality. But we must do this in a way which protects natural resources for future generations and ensures the people and communities along our supply chain prosper. “

This approach to shared value is presented in the form a pyramid – with „Compliance“ at the base; with „Sustainability: protecting the future“ at the second level, and „Shared Value: nutrition, water, rural development“ at the top (Moon, 2014)

2.4. CSR in Practice – Community, Workplace, Marketplace, Environment

The UK business association, Business in the Community (BITC), distinguishes CSR presents CSR practices in their respective spheres: **community**; **workplace**; **marketplace**; and the **environment**. These spheres can overlap, e.g. securing supply chain workers' human and labour rights can be described in terms of both the workplace and the marketplace. Enhancing CSR practices in one sphere can enhance company's reputation in another sphere.

When it comes to responsibility in the **community**, it is CSR's conceptual, historical, and practical core. This approach is especially popular with small and medium-sized enterprises (SMEs) but also somewhat with multinational corporations (MNCs). „Community“ is viewed by companies as a synonym for „society“ (Moon, 2014).

As previously mentioned, this community sphere was prominent in the form of paternalism and corporate philanthropy in the late 19th century.

Key areas of contemporary CSR in the community include: education, preventing reoffending, support for employees who are also carers, and support for social enterprises. Other significant

modes of the community sphere are: charitable giving, employee engagement, cause-related marketing, and long-term partnerships.

Cross-sector partnerships have become a central feature of CSR in the community. Instead of approaching the community problem alone, companies work through new partnerships with new local institution, and even support new business models such as social enterprises.

Considering corporate community contributions, according to the UK London Benchmarking Group, the contributions of 300 members respectively increased from £1.1bn in 2007 (70% was in cash) to £1.65bn in 2012 (54% was in cash) (Moon, 2014).

Many companies now approach their CSR community engagement more strategically instead of just making annual philanthropic gifts. By using standards to manage, measure and report their activities, they align their community activities with their core business; e.g. financial institutions and micro-banking or pharmaceutical companies and combating disease.

Table 3. shows the community policies of the mining giant, Anglo-American.

Table 3: Anglo – American's Responsibilities in the Community (Moon, 2014)

<i>The communities where we operate are crucial to Anglo-American's success...we are often vital to their growing prosperity. Mutual dependence make sit only natural that we want to make positive and enduring contributions to our hosts. Being a good neighbour is good business.</i>
Technologies to treat excess, polluted coal mine water into drinking water, and to convert gypsum residues into energy-efficient building materials.
Support for SMEs development in South Africa.
Free treatment programme for employees and dependants with HIV/AIDS.
Socio-Economic Assessment Toolbox (SEAT), an impact assessment & management planning process.

Responsibility in the **workplace** has many facets. On one side, there are cases of corporate irresponsibility like: working conditions, pay, or sexism. However, companies increasingly recognize how CSR in the workplace can be not just about damage control, but also an investment.

Many areas of CSR in the workplace have been represented by government regulation. However, in the past 30 years there's been significant deregulation, which led to three outcomes. First, deregulation happened in areas of: labour rights, minimum pay, apprenticeships. Secondly, some CSR workplace agendas show the limits to regulation, such as equal opportunity/pay. Thirdly, new workplace issues which have emerged have not been fully addressed by regulations (e.g. work-life balance, immigrant workers, harassment, whistleblowing). Finally, since globalization enabled MNCs to bypass home regulations, this put the „ball in CSR court“ in order to address issues of international human and labour rights.

Ford Motor Company exhibits a good example of CSR workplace engagement.

Table 4: Ford Motor Company's Responsibilities in the Workplace (Moon, 2014)

<i>The more we embrace our differences within Ford – diversity of thought, experience, perspective, race, gender, faith and more – the better we can deliver what the customers want and the more successful Ford will be.</i>
Support employee networks that foster: diversity & inclusion; diversity & inclusion activities (e.g. 'town hall' meetings, training, summits) to foster a respectful & inclusive environment; support work/life flexibility (e.g. remote working technolog, mentord flexitime, child-care facilities, nursing mothers' rooms); anti-harassment & discrimination policies; complaints procedures.
Business plan sin five-year increments with sustainability targets.
Sustainability targets including employees' individual performance metrics.

CSR in the **marketplace** can be divided into two areas: corporations' „upstream“ and „downstream“ CSR activities. Upstream activities refer to corporations' respective supply chains. Downstream activities refer to impacts of corporations' respective products on customers; the disposal of products.

Society's attention has mostly been on MNCs' upstream market activities in the past years. There are many ways MNCs can influence the CSR upstream activities. First, they can include reference to International Labor Organization (ILO) codes and other multi-actor standards and partnerships. Secondly, many leading CSR companies send auditors to their suppliers and in some cases these reports are published (e.g. Nike). Thirdly, instead of „policing“ their suppliers, companies can take the developmental approach whereby they support and train

suppliers in compliance with agreed standards, and investing in childcare, educational and other community projects.

A good example of a company engaging in upstream CSR activities is the Swedish fashion retailer H&M.

Table 5: H&M's Supply Chain Policies (Moon, 2014)

<i>Our approach is to use influence wherever possible to promote good practice and raise awareness, not only among our suppliers and their employees as well as others along our value chain. We believe that working together in partnership is the best way we can make a positive difference.</i>
H&M Code of Conduct for suppliers, monitored through a Full Audit Plan (e.g. exclusion of forced & child labour; freedom of association; payment of at least minimum wage; fundamental safety provisions; chemical restrictions; wastewater treatment; full transparency; full access for inspection).
In-house auditors conducting full & follow-up audits, including of management systems.
Members of the Fair Labor Association.

When it comes to downstream effects, there has been an increasing awareness of companies towards sustainable consumption. Companies selling dangerous or risky products containing things such as: alcohol, tobacco, sugar, unsaturated fats, have worked intensely on packaging, labelling, or in media campaigns. Sometimes, companies acted early on before the government instituted regulations, in order to avoid damaging business prospects. In other cases, companies acted within initiatives launched by the government. Many companies use marketing to signal the healthy attributes of their products (such as Danone) or provide how their product could fit into a healthy diet (such as Innocent Drinks).

Some CSR policies address the problem of the disposal of products and packaging. These can include the disposal of fast-food containers and plastic bags, or disposing of for re-using IT equipment. Particularly problematic is the case of pharmaceutical products which customers often leave vulnerable for misuse or contaminate water tables by disposal via toilets. A better alternative would be to return such products.

The IT company Hewlett and Packard is exemplifies how a company can be responsible for re-use and disposal of redundant equipment.

Table 6: Hewlett Packard’s Responsibilities Downstream (Moon, 2014)

<i>We are committed to helping our customers recycle responsibly, recovering 2.8 billion pounds of products since 1987.</i>
Product return & disposal policies for remanufacturing IT hardware and recycling non-reusable products.
Trade-in policies in purchase of new HP equipment.
Return for cash policies for consumer and business development.
Donation policies for unneeded equipment to charities.
Equipment and data destruction services.

It is important for companies to overcome the corporate-centric approach to upstream and downstream CSR activities, and involve itself more with civil society organizations, government, and other institutions through the corporate-oriented approach.

There has been an increasing regulation concerning the environment when it comes to use of water and forestry resources. The environment is a very specific sphere because it is only indirectly represented by stakeholders.

Responsibility among companies has recently grown in the form of regulating their energy supplies, as well as making long-run cost savings. On the other hand, some companies have assessed the overall impact of their consumption of these resources and developed corresponding policies to ensure that this consumption is sustainably managed. E.g. Coca-Cola's and Unilever's policies for water consumption. Furthermore, other companies have joined stewardship councils in order to ensure that their consumption of timber, fish and agricultural products meets standards deemed sustainable.

Table 7 shows the case of Waitrose in regards to sustainable food.

Table 7: Waitrose's responsibility for Sustainable Food (Moon, 2014)

<i>Sustainable food is produced with good (farming and fishing) practices that minimise the impact on the environment.</i>
Source through Fairtrade Foundation and Rainforest Alliance supported and certified producers; has 1,700 organic products.
Waitrose Farm Risk Assessment to understand growers' challenges on key food safety, sustainability & quality issues.
Policies on eliminating pesticides, traceable products, sustainability certification (e.g. fish, soya, palm oil, timber, paper).

2.5 Company Organization and Integration of CSR

In the past decades, the momentum has shifted from CSR being corporate-centric to being corporate-oriented. However, the reality is that internal organization of corporations is still critical to performance and impact of CSR. Only few large corporations have developed a board-level portfolio for CSR alone. That is usually associated with human resource management (HRM), corporate governance or consumer affairs portfolios. Some CEOs themselves can engage in CSR activities, while other companies hire special CSR consultants to help them in their CSR endeavours.

There has been steady growth of CSR courses being offered in business schools. Over 500 business schools have signed up to the United Nations Principles for Responsible Management Education (PRIME, , <https://www.unprme.org/>, Accessed on 07.20.2020.)

The accreditation systems of business schools (AMBA, AACSB, EQUIS) increasingly require more commitment in the sphere of ethical, responsible and sustainable business.

Despite these developments, a certain degree of uncertainty remains among companies as to which qualifications and experiences are most appropriate for CSR.

In the area of professionalization, CSR has been making progress. In 2004, the UK Business in the Community launched the CSR Academy to provide guidance through accredited courses, workshops, peer learning, and guidelines for self-directed learning. On the other hand, recently, the Corporate Responsibility Group (400 managers from 80 member companies) launched the Institute for Corporate Responsibility to „promote and recognize the professional standing of

those working in CR or sustainability roles, facilitate networking, and support our members to develop their skills“.

CSR criticism often revolves around the fact that corporations often delegate the CSR activities to „do-gooders“, instead of integrating them with all business functions within their organization.

Some companies, however, have succeeded in doing so. UK food and clothing retailer Marks and Spencer's integrated its sustainability activities in its „Plan A“:

„We're doing this because it's what you want us to do. It's also the right thing to do. We're calling it Plan A because we believe it's now the only way to do business. There is no Plan B.“

Marks and Spencer integrated five sustainability goals and one hundred specific commitments, directly into the core strategy. The five sustainability goals are presented in Table 8.

Table 8: Mark and Spencer's Sustainability Goals (Moon, 2014)

<i>Become carbon neutral.</i>
<i>Cease sending operational waste to landfill.</i>
<i>Extend sustainable sourcing.</i>
<i>Be a fair partner and set new standards in ethical trading.</i>
<i>Help customers and employees live a healthier lifestyle.</i>

On the other hand, Jaguar Land Rover, a UK vehicle manufacturer owned by Tata Motors, focused its sustainability policy on investing in engineering, combining investment in community through partnerships with schools to stimulate interest and capacity in engineering; massive reductions in energy and water consumption; and investment in the sustainability performance of its vehicles.

Companies that want to integrate CSR into its business activities will need to invest in developing internal communication systems to make sure that the CSR message is understood across the company, as was the case with Mark and Spencer's Plan A and Siemen's order to instil understanding of regulatory, risk, and ethical implications of corruption.

Concerning the reward systems of remuneration and promotion, studies have shown that the link between employee remuneration and performance on social and environmental issues has been only established in 10% of cases.

Integration of CSR remains to be a major challenge for companies.

Academics have long argued whether CSR was viewed as company's business investment or expenditure. The general conclusion of academic literature has been that investment into CSR or expenditure on CSR, if you will, has shown positive contribution to company's performance. This has been expressed as intangible factors in the form of increased morale and reputation, and also as cost savings of clean technologies and new market share through responsible business or products. As is the case with, say, compliance, so does CSR yield positive effects for the company as a whole.

A second performance question is concerned with impact of CSR on the environment, society, and governance. CSR impact can be expressed as business outputs, such as: expenditure, hours of employee volunteering, numbers of targeted populations contacted, etc.) This can be valuable from the management accounting perspective and can show CSR „effort“. On the other hand, however, these indicators don't show how they impact the respective problem, whether there are better ways of addressing the respective problem, and whether the company would be better off focusing on its business to please shareholders, customers and society as a whole. That is because there are too many parameters to take into account when measuring CSR performance and impact. How could one measure the company's impact on, say, global warming?

Nevertheless, companies serious about their CSR engagement have increasingly turned to assessing and understanding the impact of their CSR contributions (Moon, 2014).

3. CSR in the Context of the EU

In this section, EU's treatment and implementation of CSR will be discussed. The document titled; „Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions. *A renewed EU strategy 2011-14 for Corporate Social Responsibility*” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.22.2020.) thoroughly discusses the EU's CSR agenda. Likewise, this document will serve as a template for further analysis of this topic.

3.1. Introduction

The European Commission has defined CSR as: the responsibility of enterprises for their impact on society and, therefore, it should be company led. According to the Commission, companies can become socially responsible by:

- integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations
- following the law

Public authorities likewise play a supporting role through voluntary policy measures and, where necessary, complementary regulation.

Addressing CSR is in the interests of both the companies and the society.

Concerning companies, CSR can boost their competitiveness in areas such as: risk management, cost savings, access to capital, customer relationships, human resource management, and innovation capacity.

Likewise, companies through their communication with internal and external stakeholders, can anticipate changing societal expectations. This in turn leads to emergence of new markets for the respective companies.

Finally, the established relationships through CSR engagement with employees, customers and citizens creates trust for sustainable business models. This can serve as a healthy basis for

innovation and growth (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.22.2020.)

Concerning society, companies can contribute to EU's treaty objectives of sustainable development and a highly competitive social market economy. Likewise, CSR underpins the objectives of the Europe 2020 strategy for smart, sustainable and inclusive growth, including the 75% employment target. When it comes to the provision of public services by private enterprises, responsible business conduct is very important. Companies can help mitigate the negative effects of economic crises, which includes job loss, as part of their social responsibility. Finally, CSR can offer a set of values which can serve as the basis for the transition to a more sustainable economic system.

The European Council and the European Parliament have both called on the European Commission to further work on its CSR policy. The Commission made a commitment to promote CSR through the Europe 2020 Strategy. The economic crisis has in a way damaged consumer confidence and levels of trust towards businesses. The public attention has shifted to ethical performance of companies. The Commission targets sustainable growth, responsible business behaviour and durable employment generation in the medium and long term through its efforts to promote CSR now.

3.2. Evaluation of the Impact of European Policy on CSR

With Green Paper in 2001 (European Commission, https://ec.europa.eu/commission/presscorner/detail/en/DOC_01_9, Accessed on: 07.22.2020.) and the establishment of the European Multistakeholder Forum on CSR (Publications Office of the European Union, <https://op.europa.eu/en/publication-detail/-/publication/72afe574-5cfe-11ea-8b81-01aa75ed71a1/language-en>, Accessed on: 07.22.2020.), the Commission played a key function in developing public policy to promote CSR. Likewise, in 2006 the Commission published a new policy which supported the business-lead initiative called the European Alliance for CSR (European Commission, https://ec.europa.eu/commission/presscorner/detail/en/IP_06_358, Accessed on: 07.22.2020.). The policy also identified 8 priority areas for EU action: awareness-raising and best practice exchange; support to multistakeholder initiatives; cooperation with Member States; consumer information and transparency; research; education; small and medium-sized enterprises; and

the international dimension of CSR (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.22.2020.)

This policy contributed to progress in the field of CSR. The indicators of progress are the following. In 2006 only 600 EU companies signed ten CSR principles of the United Nations Global Compact, but in 2011 this number grew to 1900 companies. In 2006, only 3,300 companies registered under the Environmental Management and Audit Scheme (EMAS), but in 2011 that number grew to 4,600 enterprises. The number of EU companies that signed the transnational company agreements with global or European workers' organizations, in the area of labour standards, grew from 79 in 2006, to 140 in 2011. In 2007, the Business Social Compliance Initiative had only 69 members, as opposed to 2011 when it had over 700 members.

In spite of this progress, big challenges remain. Many companies in the EU have not yet fully integrated social and environmental concerns into their core strategy. Likewise, accusations exist in the areas of human rights harm and failure to respect core labour standards for a small minority of EU companies. Finally, in 2011, only 15 out of 27 EU Member States had national frameworks for CSR (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.22.2020.).

In 2011, the Commission identified a number of factors that would further increase the efficacy of its CSR policy:

- The need for a balanced multistakeholder approach that takes account of the views of enterprises, non-business stakeholders and Member States.
- The need to better clarify what is expected of enterprises, and to make the EU definition of CSR consistent with new and updated international principles and guidelines.
- The need to promote market reward for responsible business conduct, including through investment policy and public procurement.
- The need to consider self- and co-regulation schemes, which are an important means by which enterprises seek to meet their social responsibility.
- The need to address company transparency on social and environmental issues from the point of view of all stakeholders, including enterprises themselves.
- The need to give greater attention to human rights, which have become a significantly more prominent aspect of CSR.

- The need to acknowledge the role that complementary regulation plays in creating an environment more conducive to enterprises voluntarily meeting their social responsibility (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.22.2020.).

3.3. A Modern Understanding of Corporate Social Responsibility

The European Commission has put forward a new definition of CSR as “the responsibility of enterprises for their impacts on society”.

To fully meet their corporate social responsibility, enterprises should integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, in order to:

- Maximise the creation of shared value for their owners/shareholders and for their other stakeholders and society at large
- Identify, prevent and mitigate their possible adverse impacts (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, 07.24.2020.)

This process refers to larger companies, while for smaller and medium sized ones, the CSR process is likely to remain informal and intuitive.

In order to maximise the creation of shared value, companies should adopt a long-term, strategic approach to CSR, and focus on developing innovative products, services and business models which would contribute to societal wellbeing and would lead to higher quality and more productive jobs.

In order to identify, prevent and mitigate their possible adverse impacts, large companies at risk of having such impacts, should carry out risk-based due diligence, including through their supply chains.

When companies seek a formal approach to CSR, they can turn to internationally recognized principles and guidelines such as; recently updated OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning

Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights.

These internationally recognized principles and guidelines can serve as a framework for European policy to promote CSR.

E.g. the framework ISO 26000 is specific since it focuses on social responsibility (SR), and not on corporate social responsibility (CSR). The reason behind this being, because it wants to include also governments, NGOs and businesses of all sizes (Moratis et al., 2011).

On the other hand, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (“MNE Declaration”), was originally adopted by the International Labour Organization (“ILO”) in 1977, and amended in 2000 (Diller, 2017).

Finally, the OECD Guidelines for Multinational Enterprises are divided into eight chapters: general policies, employment and industrial relations, disclosure of information, competition, financing, taxation, environmental protection, and science and technology (Letnar Čerňič, 2008).

According to these principles and guidelines, CSR at least covers human rights, labour and employment practices (such as training, diversity, gender equality and employee health and well-being), environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption. Community involvement and development, the integration of disabled persons, and consumer interests, including privacy, are also part of the CSR agenda. The promotion of social and environmental responsibility through the supply-chain, and the disclosure of non-financial information, are recognised as important cross-cutting issues. The Commission has adopted a communication on EU policies and volunteering in which it acknowledges employee volunteering as an expression of CSR (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.25.2020.).

Furthermore, the European Commission promotes the three principles of good tax governance; transparency, exchange of information, and fair tax competition.

Although the development of CSR should be led by companies themselves, public authorities can and should play a role through combining voluntary policy measures and complementary regulation. In this way, they promote transparency, create market incentives for responsible business conduct, and ensure corporate accountability.

Although companies must be given the flexibility to innovate and to develop an approach to CSR that is appropriate to their circumstances, many companies still value the existence of principles and guidelines that are supported by public authorities, to benchmark their own policies and performance, and to promote a more level playing field.

Likewise, trade unions and civil society organisations identify problems, bring pressure for improvement and can work constructively with companies to co-build solutions. Also, consumers and investors can enhance market reward for socially responsible companies through both the consumption and investment decisions they take. On the other hand, the media can promote awareness of both positive and negative impacts of companies. Finally, public authorities and other stakeholders should demonstrate social responsibility, including in their relations with other companies.

Although CSR can be applicable to all companies, the Social Business Initiative (SBI) supports a specific type of company, namely those whose main purpose is explicitly social and/or environmental, that reinvest profits for that purpose, and whose internal organization reflects the societal objectives. The SBI deals with the ecosystem required for social business and social innovation to flourish and contribute to the European social market economy (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on 07.25.2020.).

Innovative and effective CSR policies have been developed through the transnational company agreements (TCAs) formed between companies and European and global workers' organizations. Likewise, the EU supports TCAs and will launch a searchable database of such agreements (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on 07.25.2020.).

3.4. An Agenda for Action 2011-2014

This agenda contains commitments from the European Commission as well as suggestions for companies, Member States, and other stakeholder groups. There are four points in this chapter which will be discussed. First, enhancing the visibility of CSR and disseminating good practices. CSR Europe's Enterprise 2020 will be shown as an example of business leadership in the field of CSR. Second, improving and tracking levels of trust in business will be touched upon. Furthermore, the concept of "greenwashing" will be discussed. Third, enhancing market

reward for CSR. This means that the EU policies will foster consumption, public procurement, and investment. Finally, fourth, further integrating CSR into education, training and research will show EU's commitment and tools of integrating CSR into the said elements.

3.4.1. Enhancing the Visibility of CSR and Disseminating Good Practices

The European Commission has launched a range of programmes to work with companies and other stakeholders on critical social and environmental issues. The Commission promoted dialogue with companies and other stakeholders on issues such as: employability, demographic change and active ageing, and workplace challenges (including diversity management, gender equality, education and training, and employee health and wellbeing). Likewise, it will particularly focus on dissemination of responsible business conduct through the supply chain.

CSR Europe's Enterprise 2020 initiative is an example of business leadership in the field of CSR that is relevant to EU policy objectives.

The Commission intended to:

- Create in 2013 multistakeholder CSR platforms in a number of relevant industrial sectors, for enterprises, their workers and other stakeholders to make public commitments on the CSR issues relevant to each sector and jointly monitor progress.
- Launch from 2012 onwards a European award scheme for CSR partnerships between enterprises and other stakeholders (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.25.2020.).

The multistakeholder CSR platform was set up in 2017 to support and advise the Commission and all stakeholders on the implementation of the Sustainable Development Goals (SDGs) on Union level.

The SDGs are the following:

- Sustainable Consumption and Production
- The EU should invest in research and innovation, people and human talents, employability and social inclusion
- Climate and energy policy
- Food, farming and land-use including Common Agricultural Policy

- Cohesion policy (European Commission, https://ec.europa.eu/info/sites/info/files/sdg_multi-stakeholder_platform_input_to_reflection_paper_sustainable_europe2.pdf, Accessed on: 07.26.2020.)

In 2012, only 7 countries ran CSR awards. However, in 2013, 30 European countries participated in this conference whereby collaborative partnerships between business and non-business organisations which have developed innovative solutions for sustainability were awarded.

749 applications were received, 259 in from SMEs and 490 from large companies. The 63 winners were celebrated at the European CSR Award Ceremony on 25 June 2013. Importantly, the Award Scheme outcomes demonstrated:

- **SOCIAL IMPACT:** Partnerships tend to tackle multiple social issues. 71.5% of projects focused on community development and 45% on environment as key sustainability issues.
- **BUSINESS IMPACT:** Collaboration enables business to strike a balance between minimising risks through accountability, good governance and transparency while at the same time, maximise opportunities through social innovation, delivering new products and services.
- **INNOVATIVE PARTNERSHIPS:** Innovation was found to be key for successful partnerships. The winning partnerships demonstrated the adoption of innovative ideas in the approach to the project, choosing appropriate partners and addressing existing social issues. (CSRwire, https://www.csrwire.com/press_releases/36080-2013-European-CSR-Award-Scheme-Boosts-CSR-Excellence-in-30-Countries, Accessed on: 07.26.2020.)

3.4.2. Improving and Tracking Levels of Trust in Business

Organizations such as corporations need to be trusted by citizens. There is oftentimes a gap between citizens' expectations and what they perceive to be the reality of business behavior. This gap is often caused by either irresponsible behavior of some companies or by companies exaggerating their environmental or social credentials.

The Commission intended to:

- Address the issue of “green-washing” in the context of the report on the application of the Unfair Commercial Practices Directive 18 foreseen for 2012, and consider the need for possible specific measures on this issue.
- Initiate an open debate with citizens, enterprises and other stakeholders on the role and potential of business in the 21st century, with the aim of encouraging common understanding and expectations, and carry out periodic surveys of citizen trust in business and attitudes towards CSR. (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.27.2020.)
- The Unfair Commercial Practices Directive evolved from its precursor, the Misleading and Comparative Advertising Directive. It has an ambitious aim of addressing unfair commercial practices directly related to distorting consumers’ economic behavior concerning transactional decisions (Van Boom et al., 2014).

Companies often participate in self- or co-regulation processes, e.g. sector-wide codes of conduct on societal issues relevant to the sector in question.

The European Commission intended to:

- Launch a process in 2012 with enterprises and other stakeholders to develop a code of good practice for self- and co-regulation exercises, which should improve the effectiveness of the CSR process. (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.27.2020.)

Better self- and co-regulation are composed of a number of principles divided between Conception and Implementation.

Conception part includes:

- Participants
- Openness
- Good Faith

- Objectives
- Legal Compliance

Implementation part includes:

- Iterative improvements
- Monitoring
- Evaluation
- Resolving disagreements
- Financing (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.27.2020.)

3.4.3. Enhancing Market Reward for CSR

In order to strengthen the market incentives for CSR, the EU leveraged policies in the field of consumption, public procurement, and investment.

Consumers oftentimes have significant barriers in terms of making informed choices for CSR-related issues, such as: insufficient awareness, the need sometimes to pay a price premium, and lack of easy access to the information necessary for making informed choices. Some companies play a key role in helping consumers make more sustainable choices. The revision of the Sustainable Consumption and Production Plan may provide an opportunity to identify new measures which would facilitate more responsible consumption.

The European Commission has set an indicative target that by 2010 50% of all public procurement in the EU should comply with agreed environmental criteria. Likewise, in 2011 the Commission published a guide on Socially Responsible Public Procurement (SRPP), explaining how social considerations could be integrated into public procurement while respecting the existing EU legal framework. This guide, the SRPP, helped public authorities to help under-represented businesses, such as SMEs, to get access to the public procurement market (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on 07.29.2020.).

The Commission intended to:

- “Facilitate the better integration of social and environmental considerations into public procurement as part of the 2011 review of the Public Procurement Directives, without introducing additional administrative burdens for contracting authorities or enterprises, and without undermining the principle of awarding contracts to the most economically advantageous tender” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on 07.29.2020.)

In response to the 2007-08 global financial crisis, the Commission made a number of regulation changes to ensure a more responsible and transparent financial system.

European asset managers and asset owners, such as pension funds, were invited to sign up for the UN Principles for Responsible Investment. Likewise, public authorities have a particular responsibility to promote CSR in enterprises which they own or in which they invest.

The Commission intended to:

- “Consider a requirement on all investment funds and financial institutions to inform all their clients (citizens, enterprises, public authorities etc.) about any ethical or responsible investment criteria they apply or any standards and codes to which they adhere” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on 07.29.2020.)

SMEs often disclose social and environmental information on a voluntary basis. According to one source, about 2,500 European companies publish CSR or sustainability reports. Although that puts the EU in a position of global leadership, however this is still a small fraction of the 42,000 large companies operating in the EU.

A number of international frameworks exist for the disclosure of social and environmental information, such as the Global Reporting Initiative (GRI).

GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-

stakeholder contributions and rooted in the public interest (Global Reporting Initiative, <https://www.globalreporting.org/information/about-gri/Pages/default.aspx>, Accessed on: 07.29.2020.)

As announced in the Single Market Act, the Commission presented a legislative proposal on the transparency of the social and environmental information provided by companies in all sectors, in order to ensure a level playing field.

All organizations like the civil society organization and public authorities were encouraged to improve the disclosure of their own social and environmental performance.

3.4.4. Further Integrating CSR into Education, Training and Research

The EU Member States bear a great burden in educating the populace about CSR through secondary school and university-level systems. European business schools were encouraged to sign the UN Principles for Responsible Management Education.

The Commission intended to:

- “Provide further financial support for education and training projects on CSR under the EU Lifelong Learning and Youth in Action Programmes, and launch an action in 2012 to raise the awareness of education professionals and enterprises on the importance of cooperation on CSR” European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on 07.29.2020.).

Local and regional authorities were encouraged to make better use of EU structural funds in order to support the development of CSR, especially amongst SMEs.

The Commission intended to:

- “Create with Member States in 2012 a peer review mechanism for national CSR policies.”

Likewise, the Commission invited:

- “Member States to develop or update by mid 2012 their own plans or national lists of priority actions to promote CSR in support of the Europe 2020 strategy, with reference

to internationally recognised CSR principles and guidelines and in cooperation with enterprises and other stakeholders, taking account of the issues raised in this communication” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.30.2020.).

The EU promoted European interests in international CSR policy developments, and likewise at the same time the integration of internationally recognized principles and guidelines into its own CSR policies.

The European Commission needed to step up its cooperation with Member States, and international organizations in order to promote internationally recognized principles and guidelines. The OECD guidelines are recommendations addressed by governments to multinational companies. Likewise, the Commission welcomed the adherence of non-OECD countries to the Guidelines.

The Commission intended to:

- “Monitor the commitments made by European enterprises with more than 1.000 employees to take account of internationally recognised CSR principles and guidelines, and take account of the ISO 26000 Guidance Standard on Social Responsibility in its own operations” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.30.2020.).

The Commission invited:

- “All large European enterprises to make a commitment by 2014 to take account of at least one of the following sets of principles and guidelines when developing their approach to CSR: the UN Global Compact, the OECD Guidelines for Multinational Enterprises, or the ISO 26000 Guidance Standard on Social Responsibility.
- All European-based multinational enterprises to make a commitment by 2014 to respect the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.30.2020.).

content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN, Accessed on: 07.31.2020.).

If the UN Guiding Principles are better implemented, then the EU objectives, regarding specific human rights issues and core labour standards, will be accomplished. These issues include: child labour, forced prison labour, human trafficking, gender equality, non-discrimination, freedom of association and the right to collective bargaining.

The Commission intended to:

- “Work with enterprises and stakeholders in 2012 to develop human rights guidance for a limited number of relevant industrial sectors, as well as guidance for small and medium-sized enterprises, based on the UN Guiding Principles.
- Publish by the end of 2012 a report on EU priorities in the implementation of the UN Guiding Principles, and thereafter to issue periodic progress reports” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.31.2020.).

The Commission also:

- “Expects all European enterprises to meet the corporate responsibility to respect human rights, as defined in the UN Guiding Principles.
- Invites EU Member States to develop by the end of 2012 national plans for the implementation of the UN Guiding Principles” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.31.2020.).

The Guiding Principles on Business and Human Rights were published in 2011 through cooperation of the OECD, the EU, the World Bank’s International Finance Corporation (IFC), and the International Organization for Standardization (ISO) (Mares, 2012).

Through promoting respect for social and environmental standards, EU companies can impact better governance and inclusive growth in developing countries. In order to respond appropriately to natural and man-made disasters, the search for synergies with the private sector will become increasingly more important in EU development.

The Commission intended to:

- “Identify ways to promote responsible business conduct in its future policy initiatives towards more inclusive and sustainable recovery and growth in third countries” (European Commission, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0681&from=EN>, Accessed on: 07.31.2020.)

3.5. Conclusion

In order to periodically monitor progress, the Commission worked with Member States, companies, and other stakeholders. Likewise, the Commission jointly prepared a review meeting expected to be held in mid 2014. In preparation for the meeting, the Commission decided to publish the report which fostered implementation of the agenda. This required team work between the European Multistakeholder Forum on CSR, and the High Level Group of CSR representatives of Member States. The Commission, likewise, presented an operational proposal by the end of 2011.

The Commission called upon European business leaders to issue, before 2012, a commitment to promote the uptake of responsible business conduct by a larger number of EU companies, with clear targets being 2015 and 2020.

4. CSR ANALYSIS: Nestlé S.A.

In this part of the thesis, a CSR analysis will be conducted of the Swiss company Nestlé S.A. Nestlé S.A is one of the biggest food company in the world. The document on which the analysis will be based on is the Nestlé's **2018 Creating Shared Value progress report**. The report is based on Global Reporting Initiative (GRI) standards.

“GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest. The GRI Sustainability Reporting Standards (GRI Standards) are the first and most widely adopted global standards for sustainability reporting” (Global Reporting Initiative, <https://www.globalreporting.org/information/about-gri/Pages/default.aspx>, Accessed on: 08.01.2020.).

This analysis is broken down in three parts; consumers, communities, and environment.

4.1. Consumers

Nestlé S.A. follows the voluntary guidelines and regulatory requirements, including those from the UN Global Compact, UN Water Mandate, UN Millennium Development Goals, Universal Declaration of Human Rights, International Labor Organization conventions, and OECD Guidelines for multinational enterprises (Chou, 2013-2014).

Around the world there are about 2 billion people lacking essential micronutrients in their diet. On the other hand, millions of people overconsume foods and beverages high in sugars, salt and fat, contributing to a rapid rise in noncommunicable diseases such as type 2 diabetes and obesity. Meanwhile demand for organic products without artificial colors and flavors is growing, as is the market for vegetarian options and healthier foods (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.02.2020.).

The company is contributing to the UN Sustainable Development Goals by:

- Continuing to develop and launch more nutritious foods and beverages as well as more sustainable products, simplify ingredient lists and remove artificial colors, while adding micronutrients where they are deficient in local populations.
- Also committing to reduce the amount of sugars, sodium and saturated fat in our products, in line with WHO recommended intake levels.
- Making healthier products taste good so consumers won't revert back to a less nutritious alternative.

Nestlé company in 2018 launched more nutritious products;

- Acquired a food company *Terrafertil* whose flagship brand, *Nature's heart*, provides healthy, plant-based natural snacks which are good sources of vitamins and iron.
- Following the 30 years of research, Nestlé developed an infant formula containing human milk oligosaccharides, which are key components of breast milk.
- Made nutrition affordable – Nestlé launched a range of popularly positioned products to enable consumers at all income levels to access quality food that provide nutritional value at an affordable price and portion size.
- Met the nutritional needs of the next generation – over 1,300 new nutritious products were launched for babies, children, and expecting women or new mothers. Likewise, the company transformed existing products, adding more vegetables, whole grains, milk, lean proteins, and essential vitamins and minerals.
- Ensured quality nutrition for babies - in Europe, *NaturNes Bio* was launched, a new generation of baby foods that delivers better nutrition and taste. Made with organic ingredients, the *NatureNes* range (including carrots, spinach), uses a unique steam cooking process that helps preserve nutrients and flavor.

The company is actively working to reduce sugars, sodium, and saturated fat in products that can make a significant impact for consumers (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.03.2020.).

In 2018, the company did the following;

- Reduced sugar content - gradually reducing sugar in cocoa malt beverage products while also offering natural alternatives with significantly less sugar and sweetness.
- Reduced sodium in their products – the company’s team in the Middle East has been gradually continuing to reduce sodium in *Maggi* soup. They have also removed ingredients that consumers do not easily recognize and increased vegetable content per bowl in the *Maggi 11 Vegetables Soup*.
- Implemented their saturated fat commitments - improvements to the manufacturing process of the popular Asian noodles successfully reduced oil content by 12%–16% per serving in the updated products launched in 2018.

Vegetables, grains, bran, pulses, nuts and seeds are all excellent sources of fiber, vitamins, minerals and nutrients. Studies have shown that children don’t eat enough of these ingredients, impacting their growth, development and health.

In 2018, the company did the following;

- Helped individuals and families achieve balanced diets – by increasing the amount of vegetables, fiber-rich grains, pulses, nuts and seeds in its recipes through product innovation and renovation and remained on track to achieve this objective by 2020.
- Added vegetables and promoted fresh ingredients – the company increased the amount of non-starchy vegetables in its recipes, especially in its prepared meals, sauces, dressings and condiments

Consumers want to be able to recognize the ingredients listed on the label for a variety of reasons, such as ensuring that the content is nutritious, that it fits a lifestyle or health concern, or that it is sustainably manufactured (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.03.2020.).

In 2018, the company did the following;

- Moved toward “kitchen cupboard” ingredients - Through the *Maggi* Simply Good initiative, it transformed its culinary products by simplifying recipes, and replacing ingredients that consumers don’t easily recognize with more familiar alternatives, such as vegetables, herbs and spices.
- Measured its progress – a system was set up that enables the company to track the change in weight of ingredients it uses in its recipes and those ingredient names that are disliked or not understood by consumers.
- Focused on natural colours - it complemented this approach by removing artificial colors, and other additives such as emulsifiers, from our foods and beverages.

4.2. Communities

Nestlé S.A. S.A. has an ambition for 2030 to improve lives of 30 million people in communities which are directly connected to its business activities.

To tackle the increasing problems of youth unemployment, Nestlé S.A. S.A. launched *Nestlé S.A. needs YOUth* as one of its flagship initiatives. It aims to help the next generation for employment and support them to become leaders in its company, successful agripreneurs, entrepreneurs and “game-changers” regardless of their field or level of expertise. It does so through:

- Creating employment and training opportunities for youth at Nestlé – through hiring young people, providing their first work experiences, apprenticeships and training opportunities, and helping equip today’s youth with the skills they will need in tomorrow’s workplace.
- Agripreneurship – a program for preparing the next generation of farmers by developing young people’s agricultural and business skills and making farming an attractive and viable career option.
- Entrepreneurship – supporting young people to be innovative and creative through initiatives such as Nestlé Professional’s My own business scheme.
- Innovation – especially through the company’s interactions with young people and its Facebook page, and by stimulating innovative thinking and leveraging resources.

The company's commitments to enhancing rural development and livelihoods:

1. Improve farm economics among farmers who supply the company
2. Improve food availability and dietary diversity among the farmers who supply the company
3. Implement responsible sourcing in the company's supply chain and promote animal welfare
4. Continuously improve the company's green coffee supply chain
5. Roll out the Nestlé S.A. Cocoa Plan with cocoa farmers (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.04.2020.)

1. Nestlé S.A.'s commitment: *improve farm economics among the farmers who supply the company.*

Nestlé S.A. has adopted a deeper understanding of what its suppliers need through the Theory of Change (ToC).

This represents a significant shift in focus for Nestlé, moving away from previous reporting activities and toward assessing the positive impacts of its actions. The greater sense of context gained through ToC enables us to adopt a more comprehensive approach to addressing the issues farmers face.

Nestlé works directly with 716,000 farmers around the world through Farmer Connect, which enables us to develop supply chains that meet our social, environmental and ethical requirements. We trained 440,000 farmers through Farmer Connect in 2018.

The five stages of ToC are:

- Identify and prioritize issues through a materiality assessment exercise (e.g. RDF and RISE).
- “Reverse engineer” – mapping backwards from intended impacts to the preconditions needed to achieve them.
- Define assumptions about the context.
- Identify interventions that create the desired changes.

- Define performance indicators to measure outcomes.

By using the ToC model, Nestlé S.A. can:

- Define and articulate long-term sustainability goals and outcomes.
- Measure ongoing progress toward short- and medium-term milestones.
- Question any assumptions we have made in defining our goals.
- Identify and mitigate physical and reputational risks.
- Allocate resources and prioritize activities to do the most good.
- Communicate its impact on farmer livelihoods and rural development to stakeholders.
- Use the information to support training and technical assistance for our suppliers (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.04.2020.).

2. Nestlé S.A. 's commitment: *Improve food availability and dietary diversity among the farmers who supply the company.*

Seventy percent of farming families in some countries can be short of food for up to three months a year. Nestlé S.A. 's Rural Development Framework (RDF) baselines show that many farmers lack diversity in their diets and do not get enough protein or nutrient-dense foods such as vegetables, dairy and fruit.

In order to solve this problem, Nestlé S.A. does the following:

- **Collaborates to improve nutrition for farmers** – In 2018, Nestlé S.A. played a key role in developing the cross-industry FReSH (Food System Reform for Sustainability and Health) project led by the World Business Council for Sustainable Development. Thanks to Nestlé S.A. 's scientific expertise and activities, Nestlé was chosen to lead on two goals: Nutrition Secure Supply Chains, which looks at nutrition for farmers and their families; and Impact Valuation, identifying how impacts can be measured and reported. The Impact Valuation working group published a White Paper in 2018.
- **Partners with food banks in Mexico** - As part of the *Nescafé Plan*, Nestlé Mexico has partnered with Bancos de Alimentos de Mexico, a national food bank initiative, to actively improve the diets of coffee farmers through food distribution. The food bank

also collects fresh agricultural produce that would otherwise go to waste from fields, and makes it available to coffee-growing communities.

- **Helping small farmers boost income and nutrition** - In the Philippines, Nestlé S.A. is investigating different models of coffee farming to find the most effective one for local conditions, where many farms are a single hectare in size. The project focuses on three key drivers: increasing yields; setting up demonstration farms and farmer business schools; and showing farmers how they can maximize income and nutrition from their limited land. To date, Nestlé S.A. has invested in a plantlet nursery, launched a text service to farmers on coffee prices, and supported co-cropping to help farmers diversify their income (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.04.2020.).

3. Nestlé S.A. 's commitment: *Implement responsible sourcing in our supply chain and promote animal welfare.*

Consumers and stakeholders increasingly want to know where their food comes from, what it contains and how it was made. Transparency in our supply chains and responsible sourcing of our materials are essential to ensuring our sustainable future.

To tackle this, Nestlé S.A. does the following four things:

- **Expanding its responsible sourcing scope** - In 2018, we added processed vegetables (specifically, tomatoes, carrots, spinach, onions and bell peppers) and spices to the list of key commodities on which we focus our responsible sourcing activities.
- **Progressing toward cage-free eggs** - In 2018, more than 63.2% of the eggs Nestlé S.A. sourced in Europe were from cage-free hens – marking significant progress toward our pledge to move to 100% cage-free eggs in Nestlé S.A. 's European supply chain by 2020. Nestlé is also committed to sourcing all of the eggs we use worldwide from cage-free sources by 2025.
- **Creating a new coalition for animal welfare** - Nestlé, together with six other food companies, founded the Global Coalition for Animal Welfare (GCAW) in 2018. The GCAW aims to advance animal welfare standards throughout the global food supply chain. It is the world's first global, industry-led collaboration between major companies

and animal welfare experts to improve standards to meet consumer demand for food from animals reared in systems that promote good welfare.

- **Meeting stakeholder expectations – improving broiler production** - In 2018, Nestlé made an additional public commitment to improve welfare standards for broiler chickens used in its food products in Europe. Nestlé S.A. will ensure that these standards meet the criteria and expectations set out in the European Broiler Ask (European Chicken Commitment) (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.05.2020.).

4. Nestlé S.A. 's commitment: *Continuously improve the company's green coffee supply chain.*

Coffee production faces serious challenges, with pressure on supplies of high-quality coffee to keep up with constantly growing demand. The availability of arable land is increasingly limited, and coffee cultivation will need to compete with other food crops around the world.

To tackle this, Nestlé S.A. does the following:

- **Helping famers meet economic challenges** - through the *Nescafé Plan* and *Nespresso AAA* program, representing a CHF 68.12 million investment annually, Nestlé S.A. works with thousands of coffee farmers to help them enhance efficiency. Its efforts helped farmers in various countries to significantly increase their productivity and optimize production costs, thereby improving coffee economics and their quality of life.
- **Ensuring workers' labor rights are respected** – Nestlé S.A. enhanced its monitoring and remediation capabilities on labor rights in Mexico by partnering with Verité and PPS. Verité provides tailored and timely labor rights training to coffee farmers and our field teams.
- **Grown Respectfully launched to communicate its Nescafé Plan** - In 2018, Nestlé S.A. launched *Grown Respectfully*, a new program to communicate to consumers the work of our *Nescafé Plan* by conveying real, inspiring farmer experiences. Through various channels, *Grown Respectfully* will help communicate the full breadth and depth of the Nescafé Plan's sustainability program and its impact on people and the planet.

5. Nestlé S.A. 's commitment: *Roll out the Nestlé Cocoa Plan with cocoa farmers.*

The Nestlé Cocoa Plan aims to improve the lives of farmers and the quality of their product. It helps farmers address the challenges they face through three pillars – better farming, better lives and better cocoa – with activities including training in better agricultural practices, distributing higheryielding plants, promoting gender equality and tackling child labor (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.06.2020.).

To tackle this, Nestlé S.A. does the following:

- **Coaching farmers for better farming** - To make more impact from the available resources, Nestlé S.A. has moved from training farmers to coaching them. While the training was educating farmers, it was not necessarily resulting in changes on the farm. By having technicians visit farms and create bespoke development plans with farmers, Nestlé S.A. expects to see greater benefits, and follow-up visits will help measure progress. Coaching programs began in 2018 and are expected to reach around 15,000 farmers by 2019.
- **Tackling child labor** – Nestlé S.A. 's *Child Labour Monitoring and Remediation System* (CLMRS), put in place with the help of the *International Cocoa Initiative*, continued to grow in Nestlé S.A. 's main cocoa supply countries of Côte d'Ivoire and Ghana in 2018. A total of 11,130 children have been helped by the scheme, and Nestlé S.A. has now built or refurbished around 45 “bridge schools,” which have helped around 3,149 children who had fallen out of the school system to return.
- **Strengthening certification for better cocoa** - After signing the Cocoa and Forest Initiative in 2017, Nestlé S.A. developed its action plan to tackle deforestation in 2018, including an aim to distribute 2.8 million shade trees in four years (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.07.2020.).

4.3. The Environment

Nestlé S.A. 's commitments to protecting water supplies are to:

1. Work to achieve water efficiency and sustainability across its operations.
2. Advocate for effective water policies and stewardship.
3. Engage with suppliers, especially those in agriculture.
4. Raise awareness on water conservation and improve access to water and sanitation across its value chain.

1. Nestlé S.A. 's commitment: *work to achieve water efficiency and sustainability across its operations.*

Water is vital for Nestlé S.A. ; for growing ingredients, for its production processes and for preparing our products.

In 2018, Nestlé S.A. withdrew 127 million m³ of water for its direct use. Through investment in new, betterperforming technologies together with the adoption of best practices, the company saved 3.7 million m³ of water in our factories. This allows it to continue improving our overall water use efficiency, toward our commitment of a 35% reduction.

2. Nestlé S.A. 's commitment: *advocate for effective water policies and stewardship.*

Since water is a resource everybody shares, working alongside neighbors and other stakeholders is the only way everyone can address the complex challenges associated with water stewardship.

The Alliance for Water Stewardship (AWS) International Water Stewardship Standard provides environmental, social and economic criteria against which companies can assess their water stewardship practices (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.07.2020.).

In March 2018, Nestlé S.A. assisted the Brazilian Business Council for Sustainable Development and the local chapter of the UN Global Compact with the organization of a

business day at the World Water Forum in Brasilia. Nestlé S.A. also coorganized, with the AWS, a stakeholder dinner at World Water Week in Stockholm, to discuss the role of certification in water stewardship.

3. Nestlé S.A.'s commitment: *engage with suppliers, especially those in agriculture.*

The greatest challenge to reducing water consumption lies in addressing the impacts of our complex agricultural supply chains.

Nestlé S.A. is working with our suppliers across all of its agricultural supply chains to ensure water is used effectively. The company has a particular focus through our Agriservices network on dairy and coffee, as this is where it can make the most impact. Based on the principle of “*Do what matters, where it matters*,” Nestlé S.A. has mapped our fresh milk-sourcing districts according to the water stress index, and are working on several initiatives to improve water efficiency in our dairy supply chain.

In Pakistan, Morocco and Iran, where drought and water-stressed areas are issues, Nestlé S.A. is working with dairy farmers to establish the use of water meters and develop water-saving techniques for animal feed production. In Brazil, Nestlé S.A. is supporting farmers to install water meters and improve manure management techniques.

Since access to safe water, sanitation and hygiene (WASH) is a basic human right, there is a clear and compelling economic case for all businesses to help address the current situation.

Nestlé S.A. has a twofold approach to WASH: it respects the human right to water in line with the “*do not harm*” principle, and supports access to water in communities surrounding our operations and supply chain.

In 2018, Nestlé S.A. continued to roll out our Nestlé Guidelines on Respecting the Human Rights to Water and Sanitation, to ensure our operations and upstream supply chain do not have a negative impact on the human right to water. The guidelines, launched in high-risk markets in 2017, were extended in 2018 to Nestlé S.A.'s medium-risk markets.

In Papua New Guinea, 6 out of 10 people do not have access to clean water. Nestlé S.A. is supporting the installation of new wells and water pumps to bring clean, safe water to local communities.

Nestlé S.A. has the following commitments for climate change:

1. To provide climate change leadership.
2. To promote transparency and proactive, long-term engagement in climate policy.

1. Nestlé S.A.'s commitment: *provide climate change leadership*.

Climate change is affecting farmers across the globe, including those who supply Nestlé S.A. . Reducing GHG emissions, switching to renewable energy sources and taking other actions to mitigate the effects of climate change are all necessary to help ensure the ongoing success of Nestlé S.A. 's business and those in its supply chain, as well as protecting the environment.

Nestlé S.A. takes a holistic, science-based target approach to tackling climate change, reducing its GHG emissions, increasing its use of renewable energy and switching to cleaner fuels. The company remains on track to achieve its objectives, as it has reduced its overall Scope 1 and 2 GHG emissions per tonne of product by 32% versus 2010.

The company aims to buy 100% of its electricity from renewable sources as soon as it's practical to do so. Since 2018, all the electricity Nestlé S.A. buys in France has been from renewables. Purchasing renewable electricity helped Nestlé S.A. avoid 967,000 tonnes of CO₂eq in 2018.

Nestlé S.A. transports around 150,000 tonnes of product daily, generating 3.26 million tonnes of GHGs in 2017 (Nestlé S.A. 's reporting covers 71% of its total product volume). Working with third-party logistics providers, Nestlé S.A. aims to reduce distances, fuel consumption, emissions, noise and congestion (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.08.2020.).

2. Nestlé S.A. 's commitment: *promote transparency and proactive, long-term engagement in climate policy.*

Since climate change is a global issue, it can't be tackled by Nestlé S.A. alone. According to an article in the scientific journal *Nature*, published in 2018, three levers of change are needed to keep the food system within environmental limits: improving agricultural technology and management; plant-forward diets; and reducing food loss and waste (nature, [https://www.nature.com/articles/s41586-018-0594-](https://www.nature.com/articles/s41586-018-0594-0)

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Nestlé S.A. is evolving its foods and beverages to be not just healthier but also to have less environmental impact. However, true food system transformation is only achievable through industry-wide global action, which is why Nestlé S.A. engages in multi-stakeholder collaborations aligned with its climate change commitments. In 2018, Nestlé S.A. became a founder member of the *World Business Council for Sustainable Development's FReSH project*, which aims to help achieve healthy, enjoyable diets for all that are produced responsibly within the planet's resources (Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.09.2020.).

5. CONCLUSION

CSR has been becoming part of the *mainstream* since the beginning of the 1990s. In the past 20 years, many multinational corporations (MNCs) have begun to implement CSR at the core of its business activities. As a consequence, CSR frameworks have emerged to help companies in their CSR endeavours, such as: the CSR pyramid, the stakeholder model, the triple bottom line approach, and the shared value approach. Furthermore, companies transformed from corporate-centred to corporate oriented, meaning the companies began to focus more on building and cultivating relationships with other stakeholders.

In the past two decades, the EU has done much to promote CSR and integrate it into the business model of European companies. The European Commission played a key function in developing public policies to promote CSR. These policies include the establishment of; the Green Paper, and the European Multistakeholder Forum.

The Green Paper opened the necessary debate among EU public and private CSR Stakeholders on the relatively new concept of CSR (on the basis of the definition set out by the OECD and the UN Global Compact in 2000) as well as on the formal appeal by the March 2000 Lisbon European Council to the EU companies' sense of Social Responsibility for their business practices in the social and sustainable development areas. The Green Paper consolidated, for the period 2001-2011, a definition of CSR, as the concept "whereby companies integrate, on a voluntary basis, social and environmental concerns in their business operations and in their interaction with their stakeholders". The Green Paper's main aim was to "launch a wide debate and seek views on CSR at national, European and international level, hoping that its outcome would be a new framework for the promotion of CSR". This aim was reached, at least until the end of the 2002-2004 European Multi-Stakeholder (EMS) CSR Forum, which was created under the first EU CSR Strategy adopted in the 2002 Communication on 'CSR, a business contribution to sustainable development'. In addition, the 2001 Green Paper highlighted both the internal and external dimension of CSR and listed in its Chapter 3 the main policy measures to promote CSR at European and international level. Most of the policy measures identified in the 2001 Green Paper are still valid and relevant today.

The creation of the first European Multi-Stakeholder CSR Forum was one of the most important operational element of the Communication 'Corporate Social Responsibility: A business contribution to Sustainable Development' of July 2002. This Forum met 4 times at

Commission level and 5 times in the format of Multi-Stakeholder Working Groups, to discuss the measures identified in the Communication and to prepare a report to be sent to the 2000-2004 Commission, in view of a possible updated CSR Strategy to be adopted by the succeeding Commission. The creation of the first European Multi-Stakeholder CSR Forum was one of the most important operational element of the Communication ‘Corporate Social Responsibility: A business contribution to Sustainable Development’ of July 2002. This Forum met 4 times at Commission level and 5 times in the format of Multi-Stakeholder Working Groups, to discuss the measures identified in the Communication and to prepare a report to be sent to the 2000-2004 Commission, in view of a possible updated CSR Strategy to be adopted by the succeeding Commission.

After the unsuccessful results of the 2002-2004 CSR Forum, numerous Business Organizations convinced the Commission to endorse a fully “business-led” CSR Initiative, the so-called ‘European Alliance for CSR’. The Alliance prepared a report in 2005, containing mainly measures to raise awareness and improve knowledge on CSR among European companies. The Commission followed the conclusions of this report with the adoption a new Communication in March 2006, where it highlighted its wish to pursue the promotion of CSR with all Stakeholders involved in the CSR process, and not only with the business sector. In this way, the Commission called once again upon all the parties involved to contribute to the implementation of a new CSR initiative for the period 2006-2009. However, in 2007-2008 the approach of the new Communication provoked a significant slowdown in the CSR process within the EU Institutions, in particular within the European Parliament, which reacted quite strongly against the insufficient ambition of the 2006 Communication. This slowdown brought to the appointment of a new Forum in 2008.

As of 2020, 21 Member States have published NAPs on either CSR or Business and Human Rights. More specifically, 15 Member States published NAPs on CSR and another 14 on Business and Human Rights. Among these 21 Member States, Cyprus, Belgium and Slovenia opted for integrating CSR and Business and Human Rights within a single NAP. Additionally, 5 Member States published NAPs dedicated to measures on how to include SDGs into their national strategy.

Furthermore, the EU is motivated to incorporate internationally recognized principles and guidelines such as: recently updated OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights.

Nestlé S.A., as a European company and one of the largest food producers in the world, has an obligation towards the EU CSR initiatives and its stakeholders. Nestlé S.A. strongly supports the European Union's ambition to become the 1st climate neutral continent in the world!" Furthermore, Nestlé S.A. has a 100 factories operating in Europe, which translates into a system of responsible sourcing which helps the company's transparency and traceability in its complex supply chains. Finally, Nestlé S.A. runs school and community programs through its multistakeholder partnerships in Europe Nestlé S.A., https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/creating-shared-value-report-2018-en.pdf, Accessed on: 08.10.2020.).

From this, a conclusion is drawn that Nestlé S.A. makes great efforts in the field of CSR, while complying with EU public policies.

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