



New Communication from the European Commission on CSR :

On October 25th, the European Commission published a new communication on CSR. This communication was highly expected, as it renews the European authorities' vision of CSR. The European Commission sees CSR as a tool in the financial crisis allowing for conditions of sustainable growth and competitiveness of the European economy to be created. The communication announces the Commission's new strategy and an action plan for 2011-2014, seeking to improve confidence in businesses. The most striking part of the communication is the new definition of CSR. For the Commission, CSR is **"the responsibility of enterprises for their impacts on society"**. The Commission specifies : *"To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of (1) maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large (2) identifying, preventing and mitigating their possible adverse impacts."*

This definition brings conceptual clarity. It touches on the referential of principles and objectives underlying the notion of CSR and emphasizing new initiatives, particularly the UN Declaration on Human Rights and Enterprises and the updates of the OECD guidelines. The communication affirms that taking human rights into account is a fundamental element of CSR. Vigeo welcomes this fundamental recognition. Since its creation in 2002, Vigeo has effectively been the first agency to integrate human rights into its performance evaluation and risk referential, and to give it its own status as a domain to be rated.

The European Commission also emphasises the importance that companies recognise stakeholder's roles, and that it is in the interest of the companies' responsibility to respond to stakeholder expectations, aspirations and rights. It advocates that companies' commitments and processes be made in close collaboration with stakeholders. This orientation is in line with Vigeo's definition of CSR as a managerial commitment to take into account the stakeholder's rights, interests and expectations, and to consider performance levels and risk management, from a perspective of continuous improvement.

Finally, the new definition of the Commission highlights the managerial approach to CSR. The Commission considers that CSR must be integrated at the management level and within the strategy of the company. Good managerial processes improve the company's ability to manage risks and to reinforce their competitive advantages. The Commission invites companies to apply the necessary due diligence to identify and manage the risks in question, and adopt a strategic approach to them in the long term. This managerial and risk management approach is the same one used in Vigeo's methodology. We effectively evaluate the management of environmental, social and governance risks (ESG). The measure of managerial commitments, their relevance, their efficiency and their performance, is the basis of our opinions of the strengths and weaknesses of organisations, the risks to which they are exposed and the opportunities they create.

Vigeo welcomes with satisfaction the Commission's new directions, that are in line with the fundamentals of our auditing and rating methodology.