

## **Contribution by the government of the Netherlands to the renewed EU-strategy for CSR**

In its Communication on a renewed EU-strategy for Corporate Social Responsibility (2011-2014) the Commission has invited EU Member States to update, by mid 2012, their own priority actions to promote CSR on the issues mentioned with reference to certain internationally recognised CSR principles and guidelines<sup>1</sup>. Please find below an overview of Dutch government policy on CSR, focusing on four action areas which are identified in the renewed EU strategy for CSR (2011-2014):

1. alignment of European CSR with global guidelines for CSR by 2014
2. improving disclosure of relevant non-financial information by companies
3. market incentives for CSR
4. enhancing the visibility of CSR and disseminating good practices

For other information about the Dutch national action agenda for promotion of CSR, we would like to refer the Commission here to a Dutch government policy document in English<sup>2</sup> called "Vision on CSR 2008-2011" and to the elinks and footnotes below this policy overview.

### **1. Aligning European CSR with global approaches to CSR**

The focus in the Commission's new action agenda – to encourage EU Member States to draw up national plans and for large European companies to commit to certain internationally recognised principles and guidelines by 2014 - has been received as welcome support and reinforcement of Dutch government policy to promote CSR nationally and internationally<sup>3</sup>. Strong and broad commitment by the EU to CSR is important in addressing the social and environmental challenges of globalising production and to enhance the welfare benefits from international trade and investment. As regulation can change corporate behaviour, but not the hearts and minds of people that are affected by their international operations, commitment to internationally recognised principles for CSR is particularly important to reinforce the trust of citizens and stakeholders in multinational companies and financial institutions after the financial crises. For these reasons the government aims at broad adoption of the following internationally recognised CSR principles and guidelines.

#### OECD Guidelines

The OECD Guidelines for Multinational Enterprises is the most comprehensive, government-endorsed code of responsible business conduct. Therefore, where the renewed EU strategy for CSR includes several new international principles and guidelines that companies can use in developing their CSR strategy, the Dutch government considers the OECD Guidelines as the primary international reference framework for what society may expect of companies operating abroad. The Dutch government takes an active role in their promotion and development. An Update<sup>4</sup> of the OECD Guidelines was adopted by 38 OECD member states and 8 adhering governments on the 25th of May 2011, after a series of negotiations and consultations among governments, the Business and Industry and Trade Union Advisory Committees to the OECD and OECD Watch, an international network of supporting civil society organisations. A significant milestone in this Update process was the inclusion of a chapter on human rights, in close cooperation with the United Nations' Special Representative on business and human rights John Ruggie. Thus, the Updated OECD Guidelines now also fully reflect the United Nations Guiding

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<sup>1</sup> COM (2011) 681, *Communication from the Commission to the European Parliament, Council, European Economic and Social Committee and Committee of the Regions: A renewed EU-strategy 2011-2014 for Corporate Social Responsibility*, 25 October 2011, paragraph 4.7 [http://ec.europa.eu/enterprise/newsroom/cf/getdocument.cfm?doc\\_id=7010](http://ec.europa.eu/enterprise/newsroom/cf/getdocument.cfm?doc_id=7010) , p.13

<sup>2</sup> The Netherlands' "Government Vision on Corporate Social Responsibility 2008-2011: "Inspiring, innovating, integrating", <http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/documenten-en-publicaties/kamerstukken/2008/03/25/government-vision-on-corporate-social-responsibility-2008-2011.html>

<sup>3</sup> Beoordeling Nieuwe Commissievoorstellen, *fiche Maatschappelijk Verantwoord Ondernemen*, Tweede Kamer, vergaderjaar 2011–2012, 22 112, nr. 1256, 11 November 2011, p.4 <https://zoek.officielebekendmakingen.nl/kst-22112-1256.html>

<sup>4</sup> The Update OECD Guidelines for Multinational Enterprises, adopted at 50<sup>th</sup> Anniversary Ministerial Meeting of the OECD, 25 May 2011: [http://www.oecd.org/document/33/0,3746,en\\_2649\\_34889\\_44086753\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,3746,en_2649_34889_44086753_1_1_1_1,00.html)

Principles on Business and Human Rights<sup>5</sup>. With regard to the 'remedy-pillar' of the 'Protect, Respect and Remedy' framework for business and human rights, the National Contact Points for implementation of the OECD Guidelines represent a unique grievance mechanism.

The Netherlands has an active independent National Contact Point (NCP) which promotes the implementation of the Guidelines. If stakeholders notify the NCP of an alleged breach of the Guidelines by a company, the NCP can offer its good offices to help parties resolve the issue. The NCP can facilitate a dialogue or mediate between parties involved.

The government expects all Dutch companies operating abroad to comply with the OECD Guidelines. To this end, it raises awareness under companies, their shareholders and stakeholders about the particular relevance of the Guidelines for them. The government disseminates translated information material<sup>6</sup>, organises workshops, addresses conferences and business networks<sup>7</sup>, consults stakeholders, commissions or co-finances research<sup>8</sup> and supports projects and practical tools for companies, including for SMEs<sup>9</sup>.

To assist companies in incorporating the recommendations of the OECD Guidelines in their internal procedures, a dedicated national website for the OECD Guidelines<sup>10</sup> provides information in Dutch and English on relevant good practices, CSR issues and international CSR initiatives<sup>11</sup>. The same dedicated website also provides information on cases dealt with by the National Contact Point<sup>12</sup> on non-observance of the Guidelines. The government also supports the exchange of experience in the operation of the NCP, for instance by participating in the NCP delegation headed by the Norwegian NCP in the voluntary peer review of Japanese NCP in 2012<sup>13</sup> and by organising the first peer review of the Dutch NCP in 2009<sup>14</sup>. It also stimulates contribution to the OECD proactive agenda<sup>15</sup> for assisting enterprises to better cope with global CSR challenges.

Companies applying for Dutch government support for collaborations with the private sector in developing countries (with Official Development Aid) are expected to adhere to CSR principles in their operations and activities. Applicants need to sign a declaration that they will adhere to the OECD Guidelines, including the recommendations on due diligence. Implementing organisations will also have a CSR policy for their programmes including the assessment of environmental and social effects of ODA-funded projects and projects officially supported through export credits<sup>16</sup> and foreign investments. For example, the policy outlines at which stages environmental and social effects are assessed. In order to assess the risk associated with the particular company or activity, a risk assessment is carried out, based on the OECD Guidelines. In high risk scenarios the implementing organisation of the particular programme may attach additional conditions or

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<sup>5</sup> *Guiding Principles on Business and Human Rights: Implementing the Guiding Principles on Business and Human Rights*, General Assembly, UN Doc. A/HRC/17/31, 21 March 2011

<http://daccess-dds-ny.un.org/doc/UNDOC/GEN/G11/121/90/PDF/G1112190.pdf>

<sup>6</sup> <http://www.oesorichtlijnen.nl/aan-de-slag/download-info>; *MVO in het buitenland*: <http://www.agentschapnl.nl/nl/node/113994>; *The 2011 OECD Guidelines for multinational enterprises, an introduction for business* (BDA/VNO/NCW, Nov. 2011) [http://www.vno-ncw.nl/Publicaties/Brochures/Pages/The\\_2011\\_OECD\\_guidelines\\_for\\_multinational\\_enterprises\\_163.aspx?source=%2fPublicaties%2fBrochures%2fPages%2fdefault.aspx](http://www.vno-ncw.nl/Publicaties/Brochures/Pages/The_2011_OECD_guidelines_for_multinational_enterprises_163.aspx?source=%2fPublicaties%2fBrochures%2fPages%2fdefault.aspx)

<sup>7</sup> <http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/nieuws>

<sup>8</sup> *Take a closer look: Current practices of Dutch Business on Human Rights*, June 2012

<http://www.vbdo.nl/files/download/988/VBDO%20Human%20Rights%20rapport%202012.pdf>

<sup>9</sup> <http://www.mvonederland.nl/content/pagina/imvo-vouchers-0>; <http://www.mvonederland.nl/instrumenten>

<sup>10</sup> <http://www.oesorichtlijnen.nl>

<sup>11</sup> <http://www.oesorichtlijnen.nl/kenniscentrum>

<sup>12</sup> <http://www.oecdguidelines.nl/ncp>

<sup>13</sup> Annual Report Norwegian NCP 2011/2012, p.14

[http://www.regjeringen.no/upload/UD/Vedlegg/csr/Kontaktpunktet/ExtendedAnnualReport2011\\_12\\_web.pdf](http://www.regjeringen.no/upload/UD/Vedlegg/csr/Kontaktpunktet/ExtendedAnnualReport2011_12_web.pdf)

<sup>14</sup> Recommendations from the OECD peer review of the Dutch NCP: <http://www.oecdguidelines.nl/get-started/peer-review>

<sup>15</sup> [http://www.oecd.org/document/15/0,3746,en\\_2649\\_34889\\_47675791\\_1\\_1\\_1\\_1,00&en-US\\$01DBC.html](http://www.oecd.org/document/15/0,3746,en_2649_34889_47675791_1_1_1_1,00&en-US$01DBC.html)

<sup>16</sup> [http://www.oecd.org/departement/0,3355,en\\_2649\\_34169\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/departement/0,3355,en_2649_34169_1_1_1_1,00.html)

mitigating measures to its financial support for the project. The aim is to have CSR as a guiding principle in the operations and activities of companies that use ODA-funded programmes<sup>17</sup>.

CSR is also integral part of official trade missions. Participants are informed about and discuss possible CSR challenges in the country of destination<sup>18</sup>. These challenges are, where relevant, integrated into the programme, for example in briefings, trade seminars or Ministerial meetings.

#### Corruption and bribery

The Dutch government is committed to combat corruption, and this includes the implementation of the Anti-Bribery Convention of the OECD in the Netherlands<sup>19</sup>. It also invests in preventing bribery by raising awareness among businesses, public officials and stakeholders and disseminating information material<sup>20</sup>, striving to keep the Netherlands at the top of international country rankings for combating corruption and bribery<sup>21</sup>.

#### International Child Labour Platform

To raise awareness on the commitment made by ILO Member States in 2006 to a world free of the Worst Forms of Child Labour by 2016 (ILO convention nr. 182), the Dutch government, in collaboration with the ILO, organised a global conference in The Hague<sup>22</sup> on 10-11 May 2010. More than 450 delegates from 80 countries agreed to a road map to accelerate their efforts towards 2016. Following up on the recommendation to share good business practices, the government set up a Child Labour Platform in collaboration with the Dutch Sustainable Trade Initiative, involving more than 40 companies. The Child Labour Platform identified good practices<sup>23</sup> in international supply chains like cocoa, cotton/garment, mining and tourism. The Child Labour Platform was continued under the umbrella of the UN Global Compact Labour Working Group and ILO, to further develop and disseminate good practice in this area<sup>24</sup>.

#### UN Principles on Business and Human Rights

As set out in the updated Dutch government's human rights strategy<sup>25</sup>, the Netherlands has supported the work of the UN Special Representative on business and human rights, John Ruggie. In 2009, the government commissioned a legal study which clarified the liability of Dutch parent companies for involvement of their subsidiaries in violations of fundamental internationally recognised rights<sup>26</sup>.

The Netherlands will actively foster the further acceptance and implementation of the Ruggie framework, both within the UN and at national level. The government also promotes CSR and human rights through the work of its embassies, which play an active role in promoting trade. To this extent, the government developed a guide for embassies to help them assist Dutch companies

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<sup>17</sup> <http://www.rijksoverheid.nl/documenten-en-publicaties/kamerstukken/2012/05/01/kamerbrief-over-bedrijfsleveninstrumenten-ontwikkelingssamenwerking.html>

<sup>18</sup> <http://www.agentschapnl.nl/onderwerp/mvo-publicaties>

<sup>19</sup> [http://www.oecd.org/infobycountry/0,3380,en\\_2649\\_34859\\_1\\_70678\\_119663\\_1\\_1,00.html](http://www.oecd.org/infobycountry/0,3380,en_2649_34859_1_70678_119663_1_1,00.html)

<sup>20</sup> <http://www.oesorichtlijnen.nl/richtlijnen/corruptiebestrijding>; <http://www.agentschapnl.nl/onderwerp/corruptie>;  
<http://www.mvonderland.nl/thema/corruptie>

<sup>21</sup> Transparency International *Bribe Payers report 2011*: <http://bpi.transparency.org/results>; <http://www.transparency.org/country#NLD>

<sup>22</sup> <http://www.ilo.org/ipeccampaignandadvocacy/GlobalChildLabourConference/lang--en/index.htm>

<sup>23</sup> Report Child Labour Platform 2010-2011: <http://www.business-humanrights.org/Links/Repository/1012770>

<sup>24</sup> Child Labour Platform: <http://www.ilo.org/ipeccampaignandadvocacy/GlobalChildLabourConference/lang--en/index.htm>

<sup>25</sup> Human rights memorandum of The Netherlands' government *Responsible for freedom*, august 2011

<http://www.government.nl/documents-and-publications/notes/2011/08/17/human-rights-memorandum-responsible-for-freedom-2011.html>

<sup>26</sup> Prof. A.G. Castermans and Dr. J.A. van der Weide : *The Legal liability of Dutch parent companies for subsidiaries' involvement in violations of fundamental, internationally recognised rights*, Leiden, December 2009

- Summary: <http://198.170.85.29/Castermans-van-der-Weide-liability-Dutch-parent-cos-28-Jan-2010.pdf>

- Full report: <https://openaccess.leidenuniv.nl/handle/1887/15699>

abroad on matters of CSR and human rights, the so called CSR Passport<sup>27</sup>. The government also developed an interactive online webportal<sup>28</sup> where embassies, companies and civil society organisations can share success stories and tips on CSR.

The Dutch government supports and seeks to strengthen "The Voluntary Principles on Security and Human Rights". The Voluntary Principles is an international multistakeholder Initiative. Its participants have developed a set of voluntary principles to guide companies in the extractive and energy sectors to maintain the safety and security of their operations. The principles constitute an operation framework that ensures respect for human rights and fundamental freedoms<sup>29</sup>. At the March 2012 Annual Plenary Meeting in Ottawa, participants in the Voluntary Principles approved the formation of a non-profit legal entity in the Netherlands according to Dutch Law. The Dutch government agreed to establish this legal entity as "The Voluntary Principles Association"<sup>30</sup>. As the current Chair of the Voluntary Principles for the 2012-2013 period, the Netherlands aims to strengthen the initiative in the area of outreach and implementation.

#### Role of the Dutch Social and Economic Council in promoting adoption of international CSR

The Dutch Social and Economic Council (SER) is a tripartite body of business associations, trade unions and independent experts that advises the Dutch government on social economic issues. In 2000 it made its first recommendations on the scope of CSR at the request of the government<sup>31</sup>. The Council played a pivotal role in the national debate on CSR in 2008<sup>32</sup>, by analysing and discussing international CSR challenges and reference frameworks for international CSR. In June 2012, partners in the Committee for International CSR of the Social and Economic Council evaluated their initiative and concluded that their shared reference framework helped to raise awareness among Dutch branch organisations and companies of the importance of adopting international CSR. They recognised the Updated OECD Guidelines, including the UN guiding principles on business and human rights and the concept of supply chain responsibility as the encompassing normative framework for doing business abroad. They also concluded that more work needs to be done, in particular with respect to implementation of the OECD Guidelines. The Social and Economic Council will continue its international CSR initiative<sup>33</sup>, in order to further stimulate the adoption of international CSR in the Netherlands and to provide a platform to deepen partners' knowledge and expertise of partners on specific CSR themes, like due diligence, labour rights, supply chain management, small and medium enterprises or sustainable consumption.

## **2. Improving disclosure of non-financial information by companies**

Key elements of CSR are conscious decisions about responsible business conduct, transparency and constructive dialogue with stakeholders. A company can provide transparency in various ways, for instance by providing non-financial information in an annual social, CSR or sustainability report, through corporate websites, brochures and informal contact with stakeholders. Small and medium-sized companies often convey such information on an informal basis.

Dutch government policy for disclosure of corporate information about CSR relies on a combination of regulation and a reference framework of international good practice<sup>34</sup>. This reference framework is kept up to date in consultation with companies, stakeholders and investors, to ensure broad

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<sup>27</sup> CSR Passport, available in English, French, Spanish, Turkish and Dutch at: <http://www.rijksoverheid.nl/documenten-en-publicaties/kamerstukken/2010/02/01/kamerbrief-inzake-paspoort-maatschappelijk-verantwoord-ondernemen-mvo-voor-nederlandse-posten-in-het-buitenland.html>

<sup>28</sup> Interactive CSR portal <https://csr.pleio.nl>

<sup>29</sup> <http://www.voluntaryprinciples.org>

<sup>30</sup> The Chair's Summary of Proceedings of the Annual Plenary Meeting of the Voluntary Principles for Security and Human Rights, 28-29 March 2012 in Ottawa: [http://www.voluntaryprinciples.org/files/Summary\\_of\\_Proceedings\\_VPs\\_Plenary\\_March\\_2012.pdf](http://www.voluntaryprinciples.org/files/Summary_of_Proceedings_VPs_Plenary_March_2012.pdf)

<sup>31</sup> Report by the SER council: *De Winst van Waarden*, 2000: <http://www.ser.nl/nl/publicaties/adviezen/2000-2007/2000/b19054.aspx>

<sup>32</sup> [http://www.ser.nl/sitecore/content/Internet/en/Publications/Publications/2008/b27428\\_en.aspx](http://www.ser.nl/sitecore/content/Internet/en/Publications/Publications/2008/b27428_en.aspx)

[http://www.ser.nl/en/publications/publications/~media/Files/Internet/Talen/Engels/2000/2000\\_11.ashx](http://www.ser.nl/en/publications/publications/~media/Files/Internet/Talen/Engels/2000/2000_11.ashx)

<sup>33</sup> [http://www.ser.nl/en/sitecore/content/Internet/en/Publications/Publications/2012/2012\\_IMVO.aspx](http://www.ser.nl/en/sitecore/content/Internet/en/Publications/Publications/2012/2012_IMVO.aspx), p.61

<sup>34</sup> Good practice as contained in the Dutch Corporate Governance Code and Guideline 400 of the Dutch Council for Annual Reporting on CSR, which was inter alia based on indicators of the Global Reporting Initiative.

support. This paragraph entails an overview of relevant national policy actions undertaken by the Dutch government in this area.

#### Requirements for reporting non-financial information in Dutch law

The Netherlands has implemented Article 46 of the Fourth Accounting Directive<sup>35</sup> requiring legal persons to include information in the annual report on non-financial key performance indicators, to the extent necessary for an understanding of the company's development, performance or position (Article 2:391, paragraph 1 of Book 2 of the Dutch Civil Code). Small and medium-sized companies are exempt from this obligation (Article 396 and 297 of Book 2 of the Dutch Civil Code).

Furthermore, pursuant to the Dutch corporate governance code<sup>36</sup>, the management board and supervisory board of listed companies must take into account CSR issues that are relevant to the enterprise while fulfilling their roles (principles II.1 and III.1<sup>37</sup>). The management board shall submit CSR issues that are relevant for the enterprise to the supervisory board for approval. The main elements shall be mentioned in the report (best practice II.1.2).

Dutch listed companies are legally obliged<sup>38</sup> to make a statement in their annual report on compliance with the Dutch corporate governance code based on the principle of "comply or explain". A Monitoring Commission assigned by the government monitors and publishes an annual report<sup>39</sup> on the extent of compliance by Dutch companies and financial institutions with the Dutch Corporate Governance Code.

#### Legislative proposal for mandatory reporting by Dutch pension funds on their investment policy

In a proposal for amendment to the Dutch Pension law sent to Dutch parliament in 2012, Dutch pension funds are required to provide information in their annual report about the way their investment policy takes into account environment, climate, human rights and industrial relations<sup>40</sup>.

#### Guideline 400 of Dutch Council for Annual Reporting

To assist companies and their accountants in reporting on CSR the Dutch Council on Annual Reporting, at the request of the Dutch government, has provided further national guidance<sup>41</sup> on how to report on specific CSR issues, such as supply chain responsibility, and on providing assurance, building on the requirements for reporting on non-financial information, as required by the EU Accounts Modernisation Directive 2003/51/EG.

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<sup>35</sup> As amended by Article 1.14 of the European Accounts Modernisation Directive 2003/51/EG

[http://europa.eu/legislation\\_summaries/internal\\_market/businesses/company\\_law/l26009\\_en.htm](http://europa.eu/legislation_summaries/internal_market/businesses/company_law/l26009_en.htm)

<sup>36</sup> Recommendations to the government on CSR and corporate governance of 2008:

<http://www.rijksoverheid.nl/documenten-en-publicaties/brieven/2008/11/07/brief-advies-commissie-brugmans.html>

<sup>37</sup> English summary on CSR provisions in the Dutch Corporate Governance Code in 2008:

[http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/files/nat\\_laws\\_and\\_policy\\_init/csr\\_in\\_dutch\\_corporate\\_governance\\_code\\_en.pdf](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/files/nat_laws_and_policy_init/csr_in_dutch_corporate_governance_code_en.pdf)

English explanation on scope of Dutch corporate governance code:

[http://commissiecorporategovernance.nl/page/downloads/DEC\\_2008\\_UK\\_Code\\_DEF\\_uk\\_.pdf](http://commissiecorporategovernance.nl/page/downloads/DEC_2008_UK_Code_DEF_uk_.pdf)

<sup>38</sup> The 2003 Corporate Governance Code was designated as a code of conduct within the meaning of Article 2:391, paragraph 5, of the Netherlands Civil Code by order in council of 30 December 2004. Under Section 5:86 of the Financial Supervision Act, Dutch institutional investors have been obliged from 1 January 2007 to include in their annual report or on their websites a statement about their compliance with the best practice provisions applicable to them. <http://www.dutchcivillaw.com/legislation/dcctitle2299aa.htm>

<sup>39</sup> Annual reports of the Dutch Monitoring Commission Corporate Governance Code are publicly available in English on:

[http://commissiecorporategovernance.nl/Monitoring\\_Reports](http://commissiecorporategovernance.nl/Monitoring_Reports). The 2010 report (p.25-26) contained the first results on compliance with the CSR provisions, incorporated in the code in 2008: [http://commissiecorporategovernance.nl/page/downloads/2010\\_UK\\_report.pdf](http://commissiecorporategovernance.nl/page/downloads/2010_UK_report.pdf)

<sup>40</sup> Legislative proposal *Strengthening the governance of pension funds* (2011-2012, 33182) amending article 135 of the Dutch pension law, Tweede Kamer, vergaderjaar 2011-2012, 33 182, nr. 2, page 12:

[http://www.stvda.nl/~media/Files/Stvda/Nota/2010\\_2019/2012/20120312\\_2/20120312\\_2\\_kst-33182-2.ashx](http://www.stvda.nl/~media/Files/Stvda/Nota/2010_2019/2012/20120312_2/20120312_2_kst-33182-2.ashx)

<sup>41</sup> Guideline 400 for reporting on CSR of the Dutch Council on Annual Reporting:

<http://www.rjnet.nl/RJ/Richtlijnen/Handreiking+MVO/default.aspx>

[http://www.ser.nl/en/publications/publications/2008/~media/Files/Internet/Talen/Engels/2008/b27428/b27428\\_en\\_5.ashx](http://www.ser.nl/en/publications/publications/2008/~media/Files/Internet/Talen/Engels/2008/b27428/b27428_en_5.ashx)

### Dutch Transparency Benchmark

To monitor the transparency in reporting by Dutch companies, in 2004 the government established a Transparency Benchmark for corporate reporting on CSR. This Transparency Benchmark compares and each year rates<sup>42</sup> the performance of companies on the transparency of their public reporting on CSR. The Benchmark is updated to take into account new CSR issues and international good practices<sup>43</sup>. Companies are encouraged to opt for self-assessment and after they do so, are offered the comparison of their performance with that of international peers operating in the same sector, showing them where they can improve their disclosure<sup>44</sup>. Thus the benchmark facilitates easy and swift adoption by Dutch companies of international best practice in reporting. To reduce information costs for companies and stakeholders and support constructive stakeholder dialogue, the government bears the cost of maintaining the Benchmark. Currently nearly 500 companies, including major State holdings, have been selected by the government to participate in the Benchmark. Foreign companies that fulfil the eligibility criteria of the Benchmark can also participate in the Benchmark on the same conditions.

### Global Reporting Initiative

Global Reporting Initiative is an international non-profit organisation which provides guidance on sustainability reporting<sup>45</sup>. The Netherlands' government partners GRI and strongly recommends it as an international guideline that assists companies in their sustainability reporting<sup>46</sup>. In particular, larger Dutch state holding companies were asked by the government in 2010 to make use of GRI in their reporting<sup>47</sup>. The government also contributes to the further development of the GRI guidelines. Reference to the GRI guidelines was included in the preliminary Dutch position on the Terms of Reference for the Update of the OECD Guidelines, as a point of departure for reporting and transparency on non-financial aspects of corporate activities in the interest of stakeholders.

## **3. Market incentives for CSR**

The Dutch government wishes Dutch companies to take the initiative and be themselves responsible for designing their CSR strategy, in cooperation with internal and external stakeholders. Competition between companies to fulfil greater ambitions on CSR is considered by the Dutch government as a key incentive for further development of CSR<sup>48</sup>. Market incentives<sup>49</sup>, as put forward by the Commission in the renewed EU strategy for CSR (consumers, public procurement and investors) encourage companies to go beyond the efforts of other companies by engaging consumers, public procurers and institutional investors, thus broadening public appreciation for their initiatives in CSR.

### 1. Consumers

Consumers are important stakeholders in sharing the welfare effects created by companies through free international trade, but also in the social and environmental impact of their operations. Although consumer perceptions of CSR differ and are not directly reflected in consumer behaviour,

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<sup>42</sup> <http://www.transparantiebenchmark.nl/bedrijven>

<sup>43</sup> <http://www.transparantiebenchmark.nl/Internationale%20Trends/Good%20Practices>

<sup>44</sup> Official website on the Dutch Transparency Benchmark: <http://www.transparantiebenchmark.nl/en>

- Memorandum by the French government on how the Dutch Transparency Benchmark operates on website for reporting (in French and English): [http://www.reportingcsr.org/the\\_netherlands-p-48.html](http://www.reportingcsr.org/the_netherlands-p-48.html):

- English brochure on Dutch Transparency Benchmark 2010, page 64-66:

[http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/files/nat\\_laws\\_and\\_policy\\_init/dutch\\_transparency\\_benchmark\\_for\\_esg\\_disclosure\\_en.pdf](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/files/nat_laws_and_policy_init/dutch_transparency_benchmark_for_esg_disclosure_en.pdf)

<sup>45</sup> <https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx>

<sup>46</sup> Government panel GRI conference 27 May 2009 on *Sustainability and Transparency: Rethink. Rebuild. Report.*

<http://www.amsterdamgriconference.org/index.php?id=106>

<sup>47</sup> <http://www.rijksoverheid.nl/documenten-en-publicaties/kamerstukken/2009/04/29/brief-publieke-belangen-en-staatsdeelnemingen.html>

<sup>48</sup> Beoordeling Nieuwe Commissievoorstellen, *fiche Maatschappelijk Verantwoord Ondernemen*, Tweede Kamer, vergaderjaar 2011–2012, 22 112, nr. 1256, 11 November 2011, p.4 <https://zoek.officielebekendmakingen.nl/kst-22112-1256.html>

<sup>49</sup> *Enhancing the market reward for CSR*, as mentioned in paragraph 4.4 in the renewed EU-strategy for CSR.

they do influence corporate reputation and therefore deserve the attention of companies seeking public recognition for their CSR. The Dutch government has therefore taken several initiatives at international level. These entailed a proposal in 2005 by the Dutch Minister of Foreign Trade for a study in the OECD Trade Committee on how companies inform consumers about the social and environmental conditions of globalised production<sup>50</sup>, helping to organise the OECD Round Table for National Contact Points in 2009 on consumer empowerment under the OECD Guidelines<sup>51</sup> and co-financing a fact finding process in 2010 by Consumers International into corporate claims concerning ethical trade, for the Consumer Policy Committee of the International Standardization Organization<sup>52</sup>.

At national level, the Dutch Consumer Authority determines its agenda for each year in consultation with stakeholders<sup>53</sup>. In 2008, the Consumer Authority decided to monitor aggressive and unfair sales techniques<sup>54</sup>, from the perspective of national application of the EU directive for Unfair Commercial Practices, but has received few complaints so far about 'greenwashing' and has not gained any experience in addressing misleading environmental claims.

The Dutch government also invests in consumer education. One example is the joint information webportal *Consuwijzer* of the Dutch Consumer Authority, Competition Authority and Telecom Supervisor which provides consumers with information on various quality labels that are marketed in the Netherlands. A dedicated webpage shows quality labels that have voluntarily submitted to a reliability test by the Dutch Council for Accreditation. This test for reliability of the quality label checks the clarity, independence and public availability of information concerning the process by which the label is granted to products or services, based on references of the International Standardisation Organisation. Foreign quality labels which are marketed in the Netherlands can also apply for this rating in order to appear in this overview of rated quality markings<sup>55</sup>.

## 2. Sustainable Public Procurement

The Dutch government applies Sustainable Public Procurement as an instrument to stimulate increasing sustainability in the private sector. For environmental aspects, sector-specific procurement-criteria are formulated in cooperation with stakeholders, for use by all public organisations and are available for others too. The policy targets for 2010<sup>56</sup> are met by all public sectors. As a result of advice by private sector representatives, the central government is revising its policy: no longer are the criteria focal point, but the application of sustainability in the whole procurement process, with extra attention for alternative solutions and innovations. After years of central incentives, the government is also seeking to increase the role of procuring organisations and private sector in maintaining and disseminating instruments for Sustainable Public Procurement.

For social aspects there are two main focuses. In the policy for social return on investment, procurement is used to enhance the use of people with a distance to the labour market. In addition, there is policy for human and workers' rights.

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<sup>50</sup> *CSR and Trade: informing consumers about social and environmental conditions of globalised production*, OECD, Jan 2007:

<http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/documenten-en-publicaties/rapporten/2007/07/23/csr-trade-informing-consumers-about-the-social-and-environmental-conditions-of-globalised-production-part-i.html>

<sup>51</sup> *OECD Round Table on CSR: Consumer empowerment and Responsible Business Conduct*, 15 June 2009,

[http://www.oecd.org/document/0/0,3343,en\\_2649\\_33765\\_42242703\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/0/0,3343,en_2649_33765_42242703_1_1_1_1,00.html)

<sup>52</sup> Consumer confidence in ethical trade, Sept 2010 (available in English, Spanish and French):

<http://www.consumersinternational.org/our-work/social-responsibility/key-projects/promoting-csr/ethical-claims>

<sup>53</sup> For 2012, the Dutch Consumer Authority will focus on aggressive telemarketing, untrustworthy webshops and misleading prices in the travel industry: <http://www.consumerauthority.nl>

<sup>54</sup> Priority agenda of Dutch Consumer Authority 2008: [http://www.consumerauthority.nl/sites/default/files/redactie/Agenda\\_for\\_2008.pdf](http://www.consumerauthority.nl/sites/default/files/redactie/Agenda_for_2008.pdf)

<sup>55</sup> Rating of 53 quality markings on Consuwijzer on the dedicated webpage for consumer education of the Dutch Consumer Authority: [http://www.consuwijzer.nl/Keurmerken/Keurmerken\\_op\\_ConsuWijzer?WT.srch=1&WT.mc\\_id=Thema's&Keurmerken&WT.seq\\_1=keurmerken&gclid=COI5tompXrACFY5pfAodF0DPkA](http://www.consuwijzer.nl/Keurmerken/Keurmerken_op_ConsuWijzer?WT.srch=1&WT.mc_id=Thema's&Keurmerken&WT.seq_1=keurmerken&gclid=COI5tompXrACFY5pfAodF0DPkA)

<sup>56</sup> Sustainable development and policy, letter to the Dutch parliament, Oct 2009:

[http://www.senternovem.nl/mmfiles/Kamerbrief%20sociale%20criteria\\_tcm24-320492.pdf](http://www.senternovem.nl/mmfiles/Kamerbrief%20sociale%20criteria_tcm24-320492.pdf)

Contract clauses oblige suppliers to perform due diligence in their supply chain on the fundamental ILO-standards and UN Universal Declaration on Human Rights. Additional standards are set for some high-risk products. The due diligence includes risk-analysis, action to prevent and repair problematic situations, and public reporting. Suppliers that are member of qualified multi-stakeholder supply chain initiatives are discharged from this contract-specific due diligence. As public buyers are no social experts, they may mainly rely on third party signals about the contract performance. This policy<sup>57</sup> has been operational since 2011. Several supporting actions are being taken, including the opening of helpdesks for public and private parties.

### 3. Investors

Institutional investors can be important drivers for responsible business conduct and good corporate governance. After the Dutch trade unions put responsible investment on the agenda of pension funds and a 2007 TV programme fuelled debate on alleged indirect involvement of major Dutch pension funds in the production of cluster munition through their shareholdings, Dutch parliament requested a government investigation. Following a report on the issue in 2007<sup>58</sup> supported by the Dutch government, the Dutch Pension federation provided their members with practical guidance on how to formulate and implement a responsible investment policy, on the basis of gained experience and good practice. Following publication of this practical guidance<sup>59</sup>, the Pension federation held a survey under its members to inform the government of the extent of awareness and support under pension funds concerning the adoption of responsible investment. The response confirmed an increase in the number of pension funds claiming to have a responsible investment policy.

Under the Government Vision on CSR in 2008, the government wished to encourage responsible investment as a market incentive to reinforce CSR<sup>60</sup>. It co-financed research by the Dutch Association for Sustainable Investors, to identify and disseminate good practice under institutional investors<sup>61</sup> on certain CSR issues like remuneration<sup>62</sup> and respect for human rights<sup>63</sup>.

The government partnered with Responsible Investor, Eurosif, the Dutch Pension federation (2011) and the Norwegian Embassy in The Hague (2010) to convene a European conference in Amsterdam on responsible investment. At this conference government and European institutional investors, multinational companies and stakeholders in CSR exchanged views on responsible investment and on the relevance for investors of the Updated OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights<sup>64</sup>.

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<sup>57</sup> More information on the Dutch sustainable procurement policy on: <http://www.agentschapnl.nl/en/node/114411>

<sup>58</sup> <http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/documenten-en-publicaties/kamerstukken/2007/06/28/bijlage-onderzoek-de-kracht-van-pensioenfondsen.html>

<sup>59</sup> Prof. Dr. H. Hummels, *The Future Has Arrived: Dutch pension funds and the practice of responsible Investment*, Nov 2007

[http://www.pensioenfederatie.nl/Document/Publicaties/English%20publications/The\\_Future\\_has\\_arrived.pdf](http://www.pensioenfederatie.nl/Document/Publicaties/English%20publications/The_Future_has_arrived.pdf)

[http://www.pensioenfederatie.nl/services/themas/Pages/Verantwoord\\_beleggen\\_37.aspx](http://www.pensioenfederatie.nl/services/themas/Pages/Verantwoord_beleggen_37.aspx)

<sup>60</sup> The Netherlands' "Government Vision on Corporate Social Responsibility 2008-2011: "Inspiring, innovating, integrating", page 15-17

<http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/documenten-en-publicaties/kamerstukken/2008/03/25/government-vision-on-corporate-social-responsibility-2008-2011.html>

<sup>61</sup> e.g. VBDO Benchmark Responsible Investment by Pension Funds in The Netherlands 2008, 2009, 2010:

<http://www.vbdo.nl/files/download/568/VBDO%20benchmark%20pensioenfondsen%202010%20DEF1.pdf>

*Duurzame Geldgids 2008*: <http://www.consumentenbond.nl/morello-bestanden/209547/duurzaamgeldgids.pdf>

<sup>62</sup> Sustainable Remuneration: <http://www.vbdo.nl/files/download/419/VBDO%20Sustainable%20remuneration%20guide%202010.pdf>

<sup>63</sup> *Take a closer look: Current practices of Dutch Business on Human Rights*, June 2012:

<http://www.vbdo.nl/files/download/988/VBDO%20Human%20Rights%20rapport%202012.pdf>

<sup>64</sup> Conference ESG Europe 2011, 4-5 October 2011, Amsterdam:

<http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/documenten-en-publicaties/verslagen/2012/04/04/verslag-van-de-esg-europe-conferentie-4-en-5-oktober-2011.html>

Conference ESG Europe 2010, 12-13 October 2010, Amsterdam

<http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/documenten-en-publicaties/verslagen/2012/04/04/verslag-van-de-esg-europe-conferentie-12-en-13-oktober-2010.html>



To build capacity under mainstream investors to incorporate ESG in their investment policy, the government also promoted European training, set up in April 2012 by International Corporate Governance Network, EFFAS and UN PRI, commissioned by the European Commission, to be conducted in the Netherlands in December 2012<sup>65</sup>.

In 2012, the government sent a proposal to Dutch parliament to amend the Dutch Pension law, requiring Dutch pension funds to provide information in their annual report about the way their investment policy takes environment, climate, human rights and industrial relations into account<sup>66</sup>.

#### **4. Enhancing the visibility of CSR and disseminating good practices**

Front running by enterprises towards higher ambitions on CSR, active promotion of good practice and enhancing the visibility of exemplary CSR are important incentives to encourage companies to adopt CSR and to develop their CSR strategies further.

The Dutch government has set up a national centre for CSR, *MVO Nederland*, and an international action platform known as the Dutch Sustainable Trade Initiative. By facilitating exchange of knowledge and gained experience, the CSR knowledge centre and international action platform help companies to develop and enhance their CSR strategy, by offering relevant information and opportunity to contribute to the identification and visibility of good practice by participation in projects, multi-stakeholder initiatives and public-private partnerships.

##### MVO Nederland

To encourage the uptake of CSR under SMEs, the government set up a national knowledge centre on CSR in 2004 (CSR Netherlands or MVO Nederland)<sup>67</sup>. MVO Nederland inspires enterprises and intermediary organisations to develop their CSR strategy by giving practical tips and information, demonstrating good practice, offering enterprises a platform for multi-stakeholder dialogue and opportunity for networking and encouraging enterprises and stakeholders to initiate or participate in projects on specific CSR issues. Examples of these specific issues are supply chain responsibility, diversity in labour participation<sup>68</sup>, social innovation, environment<sup>69</sup> and volunteerwork by employees.

##### Dutch Initiative for Sustainable Trade<sup>70</sup>

The Dutch Initiative Sustainable Trade accelerates and upscales sustainable trade by building impact-oriented coalitions of front running multinationals, civil society organisations, governments and other stakeholders. Its programmes help make sustainability the new norm and deliver impact on the Millennium Development Goals of eradicating extreme poverty and hunger (MDG-1), ensuring environmental sustainability (MDG-7) and developing a global partnership for development (MDG-8). The programmes aim for economic empowerment of producers, sustainable economic growth and development of the private sector in origin countries. The initiative intends to contribute thus to sustainable consumption and trade in western markets and to addressing environmental and social issues on a global scale.

#### **More information on CSR policy of The Netherlands' government can be found on:**

<http://www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen>

<http://www.mvonderland.nl/english/content/pagina/what-is-mvo-nederland>

<http://www.agentschapnl.nl/onderwerp/mvo-het-buitenland>

<http://www.oesorichtlijnen.nl>

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<sup>65</sup> ESG training by ICGN: <https://www.icgn.org/esg-education>

<sup>66</sup> Legislative proposal *Strengthening the governance of pension funds* (2011-2012, 33182) amending article 135 of the Dutch pensionlaw, page 12 [http://www.stvda.nl/~media/Files/Stvda/Nota/2010\\_2019/2012/20120312\\_2/20120312\\_2\\_kst-33182-2.ashx](http://www.stvda.nl/~media/Files/Stvda/Nota/2010_2019/2012/20120312_2/20120312_2_kst-33182-2.ashx)

<sup>67</sup> <http://www.mvonderland.nl/english/content/pagina/what-is-mvo-nederland>

<sup>68</sup> <http://www.mvonderland.nl/thema/diversiteit-arbeidsparticipatie>

<sup>69</sup> <http://www.mvonderland.nl/thema/milieu>

<sup>70</sup> <http://www.idhsustainabletrade.com>