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**PREPARATORY DOCUMENT FOR THE FRENCH NATIONAL PLAN FOR  
THE DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY (CSR)**

# CONTENTS

INTRODUCTION .....	4
I. A PROACTIVE CSR POLICY WHICH IS COHERENT WITH FRANCE'S INTERNATIONAL COMMITMENTS	6
Corporate ownership of CSR responds to incentive policies by public authorities .....	6
An ambitious policy for CSR development .....	7
A policy coherent with international commitments .....	8
In 2007, the cooperation between the stakeholders of the "Grenelle Environment Forum" made a step forward for CSR .....	8
The September 2012 Environmental Conference for the Ecological Transition confirmed and prolonged these policies .....	9
Creation of a "comprehensive action platform" under the supervision of the Prime Minister and involving all stakeholders .....	10
II. COMPULSORY REPORTING FOR LARGE COMPANIES ON SOCIAL, ENVIRONMENTAL AND SOCIETAL CRITERIA WITH A VIEW TO HARMONIZING EUROPEAN STANDARDS .....	11
Introduction of compulsory reporting from 2001 .....	11
Extension of compulsory reporting in 2007, following the "Grenelle Environment Forum" .....	12
III. RESPONSIBLE FINANCE IN SUPPORT OF THE ECOLOGICAL TRANSITION, BASIC RIGHTS, SOCIAL DEVELOPMENT AND COMPETITIVENESS .....	14
A pioneering regulatory instrument in Europe to develop investor information and Socially Responsible Investment (SRI) .....	14
An incentive for voluntary SRI promotion initiatives .....	15
The pioneering role of public pension bodies .....	15
The Inter-union Employee Savings Committee (CIES) .....	15
The advocacy role of the Caisse des dépôts et consignations .....	16
The NOVETHIC label .....	16
The Public Investment Bank's CSR mission .....	16
Socially Responsible Investment Week .....	17
The National Holiday Vouchers Agency (ANCV) .....	17
The Charter for Responsible Investment of the Paris Financial Centre Stakeholders .....	17
Announcement of the creation of an SRI certification label supported by public authorities .....	17
IV. PROMOTION OF STANDARDIZATION AND VOLUNTARY LABELING INITIATIVES BASED ON RECOGNIZED CRITERIA .....	18
Pursuing the international standardization dynamic in the field of CSR .....	18
After ISO 26000 .....	18
The EU Eco-Management and Audit Scheme (EMAS) .....	18
Non-financial reporting indicators .....	19
Prospects for sectorial CSR labels recognized by public authorities .....	19
Promotion of voluntary commitments between the State and professional associations .....	21
V. CSR IS ALSO SUPPORTED BY TERRITORIAL AUTHORITIES, A RELEVANT LEVEL FOR SME COMMITMENT .....	22
Local community CSR efforts .....	22
Territorial community sustainable development reports .....	22
Multiple initiatives are being identified .....	22
The consular network, professional associations and CSR support for SMEs .....	23
VI. A DYNAMIC OF CONSULTATION, SOCIAL DIALOGUE, TRAINING AND RESEARCH .....	24
Numerous structures participate in CSR commitment compliance, promotion and consultation .....	24
The Responsible Purchasing Observatory (ObsAR) .....	24
Bodies for cooperation and negotiation with social partners .....	24
The CSR commission of the French Business Confederation (MEDEF) .....	25
The General Confederation of Small and Medium sized Enterprises (CGPME) .....	25
The Corporate Social Responsibility Observatory (ORSE) .....	25
IMS-Entreprendre pour la cité .....	26
The Action Against Exclusion Foundation (FACE) .....	26
The College of Sustainable Development Directors (C3D) .....	26
The Young Business Leaders Organization (CJD) .....	26
French Global Compact Network .....	27
The Citizens Forum for CSR .....	27

Comité 21.....	27
Promoting CSR in education and training .....	27
Education, sustainable development and CSR .....	27
CSR in higher education, training and research: a common benchmark for universities and <i>grandes écoles</i> .....	28
The Rio Declaration for higher education: a French initiative.....	29
CSR research	29
VII. THE STATE, A RESPONSIBLE ECONOMIC ACTOR, SPEARHEADS CSR.....	30
The Exemplary State policy.....	30
Sustainable public purchasing.....	30
The social responsibility of businesses and public establishments.....	31
VIII. FRANCE SUPPORTS AND PROMOTES THE DEVELOPMENT OF CSR AT EUROPEAN AND INTERNATIONAL LEVELS .....	32
The post of Ambassador with responsibility for CSR .....	32
Promoting France's vision at European and international levels.....	32
Respect for human rights.....	32
Non-financial reporting.....	34
Social dialogue as the basis for organizing dialogue with corporate stakeholders .....	34
Combating climate change and promoting biodiversity.....	35
CSR promotion in developing countries .....	35

## INTRODUCTION

This document aims to respond to the European Commission Communication of 25 October 2011: “A renewed EU strategy 2011-14 for Corporate Social Responsibility”, which 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.”

As major elections were held in May and June 2012 in France, followed by several national conferences (the Great Social Conference, the Environmental Conference for the Ecological Transition, and the National Conference on Development and International Solidarity) during which policies relating to Corporate Social Responsibility (CSR) were (or still are being) debated, the proposed schedule could not be respected.

The Environmental Conference for the Ecological Transition (15-16 September 2012) concluded with a “roadmap” adopted by the government which plans the creation of a “comprehensive action platform”, under the control of the Prime Minister, to undertake an ambitious development of CSR”, as well as the launch of a mission bringing together a personality from the business sphere, a personality of the trade union sphere and a personality from the association and NGO sphere. This mission will for example aim to draw up proposals for better implementation of CSR in businesses, particularly through social grading mechanisms. The goal of these initiatives is to prepare for the creation of a new boost for CSR in France. In this context, this document collates the different public policies and major initiatives that have already been implemented, which are the starting point of the reflection which is beginning.

A national consultation was organized focused on a first version of this document, in the framework of a meeting of the Social Dialogue Committee for European and International Matters (CDSEI)<sup>1</sup> on 26 November 2012, by written consultation of members of the National Committee for Sustainable Development and the Grenelle Environment Forum (CNDDGE),<sup>2</sup> and by two weeks of online public consultation.

This public consultation on the website of the Ministry for Ecology, Sustainable Development and Energy received almost 100 replies.<sup>3</sup> Given the concern to not drift from the schedule drawn up by the European Commission, only some of the proposals received during the national consultation could be taken into account, primarily those proposing to widen the survey of the state of CSR development in France. A good number of these, which called for debate and reflection, have not been taken into account so far and will be communicated to the mission which is currently being set up and to the future CSR platform as a basis for their work.

Moreover, a specific response will be made by the end of 2013 to another European Commission request in the same Communication, that for “national plans for the implementation of the UN Guiding Principles on Business and Human Rights”: the Government has referred a request for the

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<sup>1</sup> The Social Dialogue Committee for European and International Matters (*Comité du dialogue social pour les questions européennes et internationales*, CDSEI) is an informal advisory committee attached to the Minister with responsibility for social relations. It is a forum for dialogue between the social partners and the administrators concerned on the European and international dimension of social matters.

<sup>2</sup> The National Committee for Sustainable Development and the Grenelle Environment Forum is attached to the Minister for Ecology, Sustainable Development and Energy. It follows up the implementation of the Grenelle Environment Forum commitments and supports the Government's sustainable development policy. It is made up of five colleges: the State, represented by the Ministry for Ecology, Sustainable Development and Energy; communities; employers; trade unions; and environment NGOs.

<sup>3</sup> The majority of respondents to the consultation were anonymous (65%), NGOs and associations (20%), social partners and professional organizations (10%), or various other public and private entities (5%).

framing of proposals in this respect to the National Consultative Commission on Human Rights (CNCDH), an independent institution created by the Act of 5 March 2007. Thus this preparatory document will not give the theme of human rights the full, very important place it holds in the French policy of promoting CSR.

This preparatory document for the future national CSR reviews the current state of the commitments of French public authorities and national actors as identified in late 2012. They have been split into eight chapters:

1. a proactive CSR policy which is coherent with France's international commitments
2. compulsory reporting for large companies on social, environmental and societal criteria with a view to harmonizing European standards
3. responsible finance in support of the ecological transition, basic rights and competitiveness
4. promotion of standardization and voluntary labelling initiatives
5. CSR promoted by territories, a relevant level for the commitment of small and medium enterprises (SMEs)
6. a consultation, social dialogue, training and research dynamic
7. the State, a responsible economic actor leading the way for CSR
8. France as a supporter and promoter of CSR development at European and international levels.

## I. A PROACTIVE CSR POLICY WHICH IS COHERENT WITH FRANCE'S INTERNATIONAL COMMITMENTS

CSR is an economic, social and environmental global governance matter for France, as the impact of corporate activities on the environment and on societies knows no border. The national policy supporting CSR is part of the more general framework reference of France's policy for the mainstreaming of sustainable development issues. It contributes to three challenges of the 2012-2013 national sustainable development strategy in particular: sustainable consumption and production, governance, and international challenges in terms of sustainable development and world poverty. It will also be part of the future national strategy for the ecological transition, which will be drawn up in 2013. It also participates in achieving the voluntary commitments defined by the national strategy for biodiversity for the 2011-2020 period, which set the goal of preserving and restoring, enhancing and developing biodiversity and ensuring its sustainable and equitable exploitation, with the involvement of all parties and all sectors.

Socially, it ties in with certain major goals, such as protecting workers, promoting social dialogue and professional equality.

The Government's policy in support of CSR, which was initiated in the 2000s, aimed as a priority from the outset to implement a legal instrument regulating the social and environmental transparency of businesses. The momentum resulting from the social and political consensus mobilized during the "Grenelle Environment Forum" in 2007 and the national conferences organized recently have made it possible to confirm this priority while completing it with instruments in the field of socially responsible investment (SRI), voluntary initiatives by private stakeholders, territorial dynamics and cooperation actions and various activities. The national instrument now applies to businesses as well as financial stakeholders, employees and consumers. It is supported both by the state and territorial stakeholders.

### **Corporate ownership of CSR responds to incentive policies by public authorities**

In 2012, the National Institute for Statistics and Economic Studies (INSEE) carried out a survey<sup>4</sup> of businesses, showing that more than half of companies with 50 or more employees claim to be involved in CSR. This involvement grows with the size of businesses. It is more present in certain sectors, energy and the environment. The companies involved in CSR are more attentive to the issues of sustainable development in their procurement policies and to biodiversity. Moreover, with more than 700 member companies, the French chapter of the United Nations Global Compact is one of the world's largest.

According to other studies published by the Capitalcom agency in 2012, CSR has become an important issue in general meetings of shareholders. In 2011, 19 of the 40 largest French companies presented their CSR policy as a major component of their growth strategy, as a competitive advantage, as a differentiating focus and as an instrument to follow up developments in regulations in developed countries. Executive involvement in promoting CSR is demonstrated, according to the same agency, by the accumulation in certain companies of responsibilities linked to strategic challenges and sustainable development. The function of sustainable development director has gained consideration, with more than a quarter of them having joined Executive Committees or Boards of Directors.

Significant development of socially responsible investment, in which France is top of the charts,

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<sup>4</sup>[http://www.insee.fr/fr/themes/document.asp?ref\\_id=ip1421](http://www.insee.fr/fr/themes/document.asp?ref_id=ip1421)

growth of non-financial ratings agencies – such as VIGEO, the largest – and increasing trade union and NGO (which have created a CSR citizens' forum) interest, are other clear signs of collective momentum in which public policy plays a crucial role.

## **An ambitious policy for CSR development**

The momentum launched by France from 2001 with the creation of compulsory annual non-financial reporting on social, environmental and societal criteria for businesses whose shares are traded on a regulated market came along with tools for action, support and management.

From the outset, this obligation was conceived as a lever for businesses to renovate their strategic and operational leadership, rethink their production methods, foster innovation, reduce risks, increase non-price competitiveness and thus improve their overall performance nationally and at European and international levels.

Moreover, it could support long-term financing of the ecological and energy transition as well as social progress, giving investors non-financial criteria on which to base their investment decisions.

France thus has the determination to play a leading role in supporting CSR at a time when, at European level, the Member States are invited to make a step forward with the draft legislative initiative on social and environmental reporting and the draft directive on the transparency of companies with activities in the extractive industries and the logging of primary forests. France firmly supports these two projects.

CSR should thus be:

- a lever for the competitiveness of businesses, particularly those working on international markets which increasingly require compliance with international CSR standards. It is also true for very small companies and SMEs, for which CSR must however be adapted, in a voluntary framework as a lever for change. The particular contribution of social and mutually-supportive economy companies should also be developed. Businesses in this sector are performing precursors and innovators for sustainable development in its most complete sense. They aim to reconcile economic performance, social progress and environmental protection. Set up in different forms, social and mutually supportive economy structures are organized around collective solidarity, sharing of power within the company, and independent with regard to holders of capital, often guaranteed by their particular statute. Their goals and organization forms predispose them to take into account CSR issues.
- a tool for assessing the overall performance of businesses, making it possible to encompass the various dimensions of their contribution to sustainable development (in its full sense which includes environmental, social and human rights dimensions and protection of consumer interests, while taking into consideration the interests of future generations). CSR should allow stakeholders inside and outside the company, particularly investors, to have the most complete information possible on the social, environmental and societal impact of the company's activity in order to be able to exercise their rights, while respecting every party's role.

## A policy coherent with international commitments

France is very involved in international standard-setting processes encouraging and regulating responsible business practices. It has actively participated in drawing up standards to which it adheres and whose implementation it promotes:

- the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy as well as the ILO Declaration on Fundamental Principles and Rights at Work;
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Human Rights Council Guiding Principles on Business and Human Rights;
- the ISO 26000 guide to the social responsibility of organizations by the International Organization for Standardization.

It implements the recommendations of these standard-setting instruments and in particular that which contains the **definition given by the European Commission** in its communication of 25 October 2011: “A renewed EU strategy 2011-14 for Corporate Social Responsibility”. It replaces the notion of action with that of impact control; CSR is “the responsibility of enterprises for their impacts on society”. “Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. 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:

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts. (...). To identify, prevent and mitigate their possible adverse impacts, large enterprises, and enterprises at particular risk of having such impacts, are encouraged to carry out risk-based due diligence, including through their supply chains.”

**The definition of ISO 26000**, which insists on corporate contribution to sustainable development, a very closely related concept, is another essential reference: “Social Responsibility is the responsibility of an organization for *the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practiced in its relations.*”

The European definition insists moreover on the importance of social dialogue, a source of law equal to legislation, thus expressing the aim of building a social market economy which is the basis of European construction.

The policy France defines nationally, often as a forerunner, aims to be coherent with international benchmarks, as all its CSR stakeholders share the conviction that it is important for national CSR practices to be harmonized as quickly as possible. This will enable them to form the fundamental components of the functioning of markets and to participate thus in transforming the dominant global economic model and ensure its sustainability.

## In 2007, the cooperation between the stakeholders of the “Grenelle Environment Forum” made a step forward for CSR

Thus the Programming Act of 3 August 2009 on the implementation of the Grenelle Environment Forum conclusions includes the following:



- widening of compulsory non-financial reporting for the largest companies on social, environmental and societal criteria and the verification of this information by an independent third body;
- promotion of socially responsible investment (SRI);
- creation of a right for consumers to *“sincere, objective and complete information on the overall characteristics of the product/packaging combination and to be offered environmentally friendly products at attractive prices”*;
- Government support for the creation of labels for companies of all sizes attesting to the quality of their management in environmental and social fields and their contribution to environmental protection. The State will also help set up an accreditation mechanism within independent certification bodies responsible for issuing such labels;
- the most appropriate Government support, including tax-related for small and medium-sized enterprises that choose the path of environmental certification;
- promotion at EU level of corporate transparency in social and environmental matters;
- training of employees on the environment, sustainable development and risk prevention;
- negotiation on the possibility of adding a sustainable development mission to the role of institutions representing personnel, to extend internal corporate whistle blowing procedures to risks of harming the environment and public health and to have the different professional branches define social and environmental indicators adapted to their particularities;
- action to implement forums for dialogue locally where there is a company with a significant environmental impact, bringing together participants in the Grenelle Environment Forum and other stakeholders, especially those living near the site;
- Government support for employers in commercial activity zones who form groupings with a view to establishing environmental management in such sectors with the assistance of local communities on a voluntary and contractual basis;
- the French proposal for the introduction at EU level of the principle of recognizing corporate responsibility of parent companies with regard to their subsidiaries in case of serious harm to the environment and France's support for this policy at international level;
- French support for the introduction of environmental criteria, notably those on biodiversity, in action by international financial, economic and trade institutions;
- the French proposal for a work framework at EU level to establish social and environmental indicators for comparison of companies;
- obligation for companies employing more than 500 people to produce data on their greenhouse gas emissions.

## **The September 2012 Environmental Conference for the Ecological Transition confirmed and prolonged these policies**

Following on from the Great Social Conference of July 2012, the Environmental Conference for the Ecological Transition of September 2012 and its government roadmap call for strengthening of the policy supporting corporate social responsibility.

During the Great Social Conference, pledges were made regarding CSR. Among the priority areas, apart from all the issues linked to strengthening social dialogue, point 14 of the government roadmap originating from the Conference says:

“that a reflection shall be launched involving the State and the social partners on the social rating of businesses, which will include in particular the issue of quality of life at work as well as other dimensions encompassed by corporate social responsibility.”

The government roadmap from the Environmental Conference, for its part, notes the need to strengthen the content and promotion of CSR in France:

“The dynamic initiated in France from 2001 with the introduction in companies whose shares are traded in regulated markets of an annual report covering social, environmental and societal criteria is now in need of new momentum. The principles of CSR have since seen considerable development internationally and in companies. It is essential that France continue to play a leading role at a time when, at EU level, the Member States are invited to take a new step forward.”

It defines several immediate measures, including, apart from the institutional measures which have already been noted:

- investor choice of funds which promote social and environmental responsibility will be better informed thanks to the development of reliable, operational and traceable information. An SRI label will be created;
- levers allowing greater ownership and wider distribution of the CSR initiative shall be consolidated, particularly through:
  - interprofessional talks underway on institutions representing personnel, which will have to for example allow social partners to take into account the issues of workplace health and environmental risks;
  - strengthened ties between corporate social responsibility and socially responsible investment (via, for example, information provided to investors);
  - support for the development of experimental sectorial or territorial initiatives in liaison with professional associations and territorial communities, particularly aimed at SMEs on a voluntary basis;
  - the definition of specifications aimed at better regulating verification, labelling and/or certification procedures in CSR matters.
- To prepare for a new stage in the deployment of CSR initiatives, a mission will be set up bringing together a personality from the business sphere, a personality from the trade union sphere and a personality from the association and NGO sphere. Building on the pledges of the Great Social Conference, its mission will be to draw up proposals to better take into account CSR in businesses and in the business environment, particularly through social ratings mechanisms.
- at the European and international levels, requirements for better taking into account CSR principles in international trade shall be supported by France.

## **Creation of a “comprehensive action platform” under the supervision of the Prime Minister and involving all stakeholders**

The creation of a “comprehensive action platform” supervised by the Prime Minister has been announced. CSR promotion cannot be the sole responsibility of government. It must enjoy wide promotion and active support from all stakeholders. It aims to promote regular dialogue between public and private actors, allowing stakeholders to compare initiatives thus promoting best practices.

## II. COMPULSORY REPORTING FOR LARGE COMPANIES ON SOCIAL, ENVIRONMENTAL AND SOCIETAL CRITERIA WITH A VIEW TO HARMONIZING EUROPEAN STANDARDS

### Introduction of compulsory reporting from 2001

In 2001, compulsory reporting for companies whose shares are traded on a regulated market regarding social, environmental and societal criteria in the report submitted by the board of directors or Management Board was enshrined in law.

France implemented a compulsory reporting provision for certain companies before European law encouraged, from 2003, companies to provide non-financial information in their annual reports, particularly regarding environmental and personnel issues.<sup>5</sup>

The Act of 15 May 2001 on new economic regulations ("NRE Act") obliges companies whose shares are traded on regulated markets to include in the board of directors or Management Board's report information "on how the company takes into account the social and environmental consequences of its activity and impact on its societal commitments in support of sustainable development, combating discrimination and promoting diversity".<sup>6</sup> An implementing decree from 2002 detailed some 30 subjects which this information had to cover. France was thus the first Member State to oblige companies whose shares are traded on a regulated market to produce a report on how they shoulder their social and environmental responsibilities. France was also the first country to open the way to a single status for information included in the report submitted by the board of directors or the Management Board, whether they are of financial or non-financial nature, thus laying the ground for integrated reporting in the future.

This provision is assessed regularly. It has led to a marked change in quality which allows shareholders and other stakeholders (including rating agencies) to better assess the overall performance of businesses. The International Survey of Corporate Responsibility Reporting 2011 by the KPMG audit firm thus showed that France was in fourth place worldwide in terms of non-financial reporting by large companies, with the number of companies reporting their environmental, social and governance efforts growing from 59% to 94% in three years. The 8<sup>th</sup> review of the implementation of the "NRE Act" demonstrated that the quality of reporting could however be improved: whilst certain information was well provided, such as training, health, diversity and social dialogue, others were insufficient, such as organization and content of work, restructuring, remuneration and subcontracting), which does not make it possible to measure precisely the impact of these companies' activities in terms of CSR. According to an independent study, only about 100 of the 650 companies subject to the NRE Act are fully compliant.<sup>7</sup>

This founding provision is part of a general movement aimed at improving corporate governance.

Thus companies whose shares are traded on a regulated market must, in a report drawn up by the chairperson of the board of directors or the supervisory board attached to the annual report of the board of directors or Management Board, report on "internal control and risk management procedures implemented by the company" (Article L 225-37(5) of the Commercial Code<sup>8</sup>) in order

<sup>5</sup> Article 46(b) of Directive 78/660/EEC of 25 July 1978 on the annual and consolidated accounts of certain types of companies, as amended by Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003: the annual report shall include at least "To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters".

<sup>6</sup> Article L 225-102-1(5) of the Commercial Code.

<sup>7</sup> <http://www.groupe-alpha.com/fr/etudes-prospective/publications/bilans-application-repor/informations-sociales-a6.html>.

<sup>8</sup> As amended by Act 2003-706 of 1 August 2003 on financial security.

to prevent and control risks resulting from their activity.

Moreover, all public companies and stock partnerships may include in their board of directors or Management Board reports "to the extent necessary for an understanding of the company's development, performance or position (...) non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters." (Article L 225-100(3) of the Commercial Code<sup>9</sup>).

## **Extension of compulsory reporting in 2007, following the "Grenelle Environment Forum"**

The momentum of increasing transparency of information provided by companies to society's other stakeholders on the impact of their activities has been confirmed. France has thus maintained its leading position with other Member States of the European Union.

This momentum has become tangible through the Grenelle Environment Forum commitments in 2007, then the Act of 3 August 2009 planning for their implementation, which enlarged the base of companies subject to transparency obligations regarding social and environmental aspects as well as introducing third-party verification of CSR information.

The legal instrument was therefore strengthened by Article 225 as amended by the Act of 12 July 2010 enshrining a national commitment for the environment, amending Article L 225-102-1 of the Commercial Code and the Decree of 24 April 2012 on the transparency obligations of businesses regarding social and environmental aspects,<sup>10</sup> which stipulate:

- extended compulsory annual reporting for companies whose shares are traded on a regulated market exceeding certain thresholds with gradual entry into force over time:
  - for business years beginning after 31 December 2011: to public companies and stock partnerships whose shares are not traded on a regulated market exceeding €1 billion for the full balance sheet or the full net turnover and 5000 for the average number of permanent staff employed during the business year;
  - for business years beginning after 31 December 2012: to public companies and stock partnerships whose shares are not traded on a regulated market exceeding €400 million for the full balance sheet or the full net turnover and 2,000 for the average number of permanent staff employed during the business year;
  - for business years beginning after 31 December 2013: to public companies and stock partnerships whose shares are not traded on a regulated market exceeding €100 million for the full balance sheet or the full net turnover and 500 for the average number of permanent staff employed during the business year;
  - for companies whose shares are traded on a regulated market, the amendments introduced by the decree on compulsory reporting shall enter into force for business years beginning after 31 December 2011.

Compulsory reporting also applies to State-owned companies, which are subject to the provisions of Article L 225-102-1 of the Commercial Code.

- extended compulsory reporting for certain types of company with no threshold conditions

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<sup>9</sup> As amended by Order 2004-1382 of 20 December 2004 adapting legislative provisions regarding corporate accounting to Community provisions in the field of accounting regulations.

<sup>10</sup> Act 2010-788:

<http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000022470434&dateTexte=&categorieLien=id>

(mutual health insurers, credit establishments; investment companies, whatever their legal form; mutual insurance companies; cooperatives and agricultural cooperatives);

- A list of 42 social, environmental and societal criteria to be responded to based on the nature of the company, with the possibility for companies to not respond to all of them so long as this is justified given the nature of the activities or organization of the company ("comply or explain" principle);
- Verification of the CSR information mentioned in the annual reports of companies whose shares are traded on a regulated market and public companies and stock partnerships whose shares are not traded on a regulated markets, if they exceed certain thresholds. This shall be carried out by an independent third body designated "amongst the bodies accredited by the French Accreditation Committee (COFRAC) or by any other accreditation organization which has signed up to the Multilateral Agreement (MLA) of the European Cooperation for Accreditation, due:
  - from the business year beginning after 31 December 2011 for companies whose shares are traded on a regulated market;
  - from the business year ending on 31 December 2016 for other companies.

This verification must include a declaration regarding the presence in the report by the board of directors or the Management Board of a reasoned notice, covering firstly the sincerity of the information provided and secondly the explications given by the company regarding the absence of certain information, as well as indications of the efforts that the independent third body carried out to complete its mission of verification. Moreover, a decree specifying the arrangements by which the independent third body shall complete its mission of verification is currently being drawn up.

- a report submitted by the Government from 1 January 2013 and every three years to Parliament presenting "corporate application" of their transparency requirements in social and environmental terms and "the actions [that the Government] promotes in France, in Europe and internationally to encourage corporate social responsibility".

All these obligations must allow the development of financing to support the ecological and energy transition through the development of non-financial indicators which are widespread and verifiable on which to base investment decisions.

France considers that this practice of a compulsory CSR report must be adopted throughout the European Union for it to reach an effectively equivalent level between the Member States. This would also be relevant for companies which are based in several Member States who could thus make comparable reports. We particularly support the prospect of a strong legislative initiative at European level, announced by the Commission Communication of October 2011. France is favourable to compulsory non-financial reporting within the European Union (harmonization, transparency and comparability).

France is seeking harmonization which facilitates both corporate reporting and access to relevant information by their stakeholders, and following with great attention the development of international standards for non-financial reporting in all bodies where the subject is on the agenda.

### III. RESPONSIBLE FINANCE IN SUPPORT OF THE ECOLOGICAL TRANSITION, BASIC RIGHTS, SOCIAL DEVELOPMENT AND COMPETITIVENESS

Socially Responsible Investment (SRI), the most well-known form of sustainable or mutually supportive financing, has seen significant growth in France. According to Novethic's 2011 annual report, "6% of assets managed by French-law funds are SRI. SRI has thus leapt in French collective management, which is also seeing a strong reduction in managed assets. It is in money markets that the weight of SRI is most spectacular, exceeding 10% of managed assets; but this movement is essentially due to conversions. The proportion of equity funds is also becoming significant, as 7.2% of their managed assets are now SRI." SRI managed funds grew 70% in 2011 year on year to reach €115 billion.

Public policies to promote SRI, implemented from 2001 and later strengthened, played a clear role in this development.

However, the SRI market still remains a niche market. Whilst the renown of SRI and the interest of the French media, particularly television, for this type of investment is growing, the attention of the national authorities is currently focused on improving existing instruments.

*A new step must thus be made. A multi-stakeholder cooperation should soon be launched to put in place a robust, shared and recognized labelling process, making the SRI offer more transparent.*

#### **A pioneering regulatory instrument in Europe to develop investor information and Socially Responsible Investment (SRI)**

The first legal provisions regarding socially responsible investment date back to 2001. The Act of 19 February 2001 on the generalization of employee savings introduced an incentive into the Monetary and Financial Code for managers of employee savings funds to take into account environmental and social criteria in their asset management policy. According to subparagraph 11 of Article 214-39, "The rules stipulate, as applicable, the social, environmental and ethical considerations that the management company must respect when purchasing and selling securities and when exercising the rights attached to them. The fund's annual report details their application as prescribed by the *Autorité des Marchés Financiers* (Financial Markets Authority)."

The success of the ecological transition requires mobilization of significant financing, including long-term and private funds. In a context of generalized financial crisis and limited public resources, it requires the implementation of innovative financial instruments that complement conventional financing instruments. Preserving corporate competitiveness involves financial support to promote their development and economic resilience in the long term, particularly through fostering innovation. SRI is one of these levers for innovative financing.

Social innovation also suffers from a dearth of financing in the framework of traditional market mechanisms, which the growth of SRI could compensate partially.

France supports the European Commissions reflection in the field of investments in the framework of its new strategy for corporate social responsibility, including its 7<sup>th</sup> recommendation, which France has already implemented for Asset Management Companies (AMCs) and all the funds they manage (Article 224 of the Grenelle II Act).

The amended Article 224 of the Act of 12 July 2010 on the national commitment to the environment, as well as its implementing decree of 30 January 2012 on information provision by AMCs on social, environmental and governance criteria taken into account in their investment policy, subject these companies to new customer information requirements and define a presentation framework. AMCs must specify how they take into account sustainable development criteria concerning environmental, social and governance goals ("ESG" goals) in their investment and voting policy.

The new law aims to introduce a compulsory and standardized presentation framework for the "SRI" policy of AMCs. The expected effects of this regulation are greater transparency of AMC strategies for mainstreaming environmental, social and governance criteria and those of their "ISR" *undertakings for collective investment in transferable securities* (UCITS). It thus clears the way for better investor information, particularly for individuals.

Aimed at giving greater visibility to SRI funds, it should also encourage conventional market finance to mainstream sustainable development criteria in its investment and voting choices and to request issuers to meet their non-financial reporting obligations. Symmetrically, the development of widespread, traceable and verifiable non-financial indicators should promote the development of SRI.

## **An incentive for voluntary SRI promotion initiatives**

In addition to regulatory action, the public authorities encourage initiatives by SRI stakeholders in coherence with the principles and policies they promote.

### **The pioneering role of public pension bodies**

- The Management Board of the **Pension Reserve Fund** (FRR), established by the Act of 17 July 2001, which implements the provisions of the establishment's investment policy, reports to the Supervisory Board on "how the general orientations of the fund investment policy have taken into account social, environmental and ethical considerations" (in 2012, €0.350 billion of its managed assets were under SRI management).

- The **Additional Civil Service Pension Establishment** (ERAFP), established by the Act of 21 August 2003, invests 100% of its assets (more than €13 billion in 2012) under SRI standards. Moreover, both the FRR and the ERAFP have signed up to the United Nations Principles for Responsible Investment (PRI).

- The **Civil service complementary retirement fund**, Préfon (€10.4 billion assets in 2012) has chosen socially responsible investment by adopting an SRI commitment charter in 2011.

- **Ircantec**, the complementary retirement fund of non-tenured personnel of the national and local community civil services, announced last June that it had chosen, following a European tender launched in December 2010, seven asset management companies, with SRI criteria included.

### **The Inter-union Employee Savings Committee (CIES)**

The Act of 19 February 2001 on the generalization of employee savings promoted the birth, on the initiative of four trade unions, of the Inter-union Employee Savings Committee (CIES) in January 2002. The CIES aims to better secure the investments of employees' money in partnership with financial institutions which practice a Socially Responsible Investment (SRI) policy, and to influence the behaviours of businesses by using a leverage effect thanks to the sums collected. The CIES has established a label, which certifies ranges of SRI products offered by different asset management companies. In 10 years, the CIES has labelled 13 ranges of funds totalling €8 billion in late 2011 and concerning 2.5 million employees and 100,000 companies. In late 2011, SRI

employee savings totalled €13.2 billion, ie. a 38% increase compared to 2010, representing 25% of “diversified” employee savings (employee shareholding excluded).

## **The advocacy role of the Caisse des dépôts et consignations**

The Caisse des dépôts et consignations (CDC), a public-owned company serving the general interest and economic development, seeks to promote CSR within the companies it invests in. As a founding member of the Principles for Responsible Investment (PRI) under the aegis of the UN, it includes for example the third of the six principles, “We will seek appropriate disclosure on ESG [environment, social, governance] issues by the entities in which we invest”, in its investment policies. Its Charter for Responsible Investment, published in 2012, stipulates that “It is committed to taking action alone and alongside partners to promote responsible investment, with a view to gradually aligning the long-term interests of investors and those of society as a whole.” Tangibly, this leads to taking into account ESG criteria in all its investment decisions (major companies, SMEs, special purpose companies, and funds) and through dialogue conducted with companies on these subjects during investment. For this purpose, the Caisse des dépôts et consignations requires ESG reporting allowing it to analyze these issues. On certain activities where it has real leverage through the capital it holds, such as direct capital investment, it puts in place a démarche for the promotion and support of CSR in companies.

In 2001, it created a CSR and SRI research and analysis centre, Novethic,<sup>11</sup> which also plays a media role and in 2009 created an SRI label for funds which are open to the public.

## **The NOVETHIC label**

This RSI label, created in 2009, has helped advance the transparency of asset management companies on the process of SRI funds; they must disclose the full make-up of portfolios to obtain this SRI label. This is a voluntary initiative, as the funds can choose to apply and only obtain the SRI label for one year. The criteria to meet are simple, to promote individual awareness of SRI. In 2012, 109 funds out of 140 applicants obtained the Novethic SRI label. They represent approximately one third of French SRI funds and €30 million of assets.

## **The Public Investment Bank’s CSR mission**

The Act creating the Public Investment Bank (BPI), adopted on Wednesday 19 December 2012, defines it as “serving the financing and development of businesses and acting in support of the public policies conducted by the State and conducted by regional authorities”. One of its missions is to “contribute its support to the implementation of the ecological and energy transition”. Article 4 stipulates that “the public investment bank shall take account of environmental and social issues, professional equality, balance in the economic development of territories, particularly deprived urban areas, rural areas and overseas territories, and governance in its practices as well as in the constitution and management of its portfolio of commitments. [...] It shall include social and environmental risks in its risk management” and “take into account the interests of stakeholders – understood as being all those who participate in its economic life and civil society actors directly or indirectly influenced by the activities of the bank.” Its board of directors shall establish “a charter for social and environmental responsibility, stipulating arrangements for the implementation of the principles laid down”.

Under the terms of this law, a government report will discuss “the opportunity of creating a social and environmental responsibility committee, made up mainly of experts chosen on the basis of their skills in the environmental, social, professional equality and governance fields, on which the board of directors would rely to assess the social and environmental impact of the portfolio of commitments of the Public Investment Bank, to identify stakeholders and to make recommendations on measures aimed at improving the social and environmental impact of the public company BPI-Groupe”. This report “(will) state the best way to take into account the

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<sup>11</sup> <http://www.novethic.fr>



interests of the stakeholders, studying for example the possibility of referring the matter to the social and environmental responsibility committee for an opinion or, otherwise, the board of directors or any other relevant advisory body."

## **Socially Responsible Investment Week**

The Government supports an initiative of the French Social Investment Forum (SIF), an association which brings together a panel of stakeholders focused on financial actors, in order to promote SRI with individual investors. This forum, which was created in 2001, has organized Socially Responsible Investment Week since 2010, sponsored by the Ministry for Ecology, Sustainable Development and Energy. This forum organizes an annual "FIR-PIR Award for finance and sustainable development", linked to the Principles for Responsible Investment (PRI). It is bestowed upon the best European work in terms of responsible finance.

In 2005, the AFG and SIF established an SRI transparency code, a French version approved by the two organizations of the European Transparency Guidelines for general public funds drawn up by Eurosif, the European SRI forum. The code was revised in 2010, and the AFG and SIF made it compulsory for all RSI funds open to the public.

## **The National Holiday Vouchers Agency (ANCV)**

This public establishment, which was set up to give employees access to holidays, manages assets worth €1.3 billion (in 2011), a third of which is invested in SRI.

## **The Charter for Responsible Investment of the Paris Financial Centre Stakeholders**

The Charter for Responsible Investment of the Paris Financial Centre Stakeholders was signed on 2 July 2009 by the French Banking Federation (FBF), Paris Europlace, the French Federation of Insurance Companies (FFSA), the French Financial Management Association (AFG), the French Association of Institutional Investors (AFII), the Social Investment Forum (SIF) and the French Society of Financial Analysts (SFAF), and then by MEDEF and Orse<sup>12</sup> in September 2011.

The Charter is built around three goals: developing SRI, developing corporate non-financial information and dialogue between issuers and investors (non-financial reporting, regular information from the Board and the General Assembly), and supporting long-term financing (long-term savings, adaptation of accounting standards, remuneration of market professionals).

## **Announcement of the creation of an SRI certification label supported by public authorities**

One of the work focuses defined following the September 2012 Environmental Conference for the Ecological Transition was the creation of an official SRI certification label to complement the facility created by Article 224 of the Grenelle II Act and to better guide investors to choose funds which promote environmental and social responsibility.

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<sup>12</sup>[http://www.fbf.fr/fr/files/8AKJGB/20090702\\_PR\\_charte\\_isr.pdf](http://www.fbf.fr/fr/files/8AKJGB/20090702_PR_charte_isr.pdf)

## IV. PROMOTION OF STANDARDIZATION AND VOLUNTARY LABELING INITIATIVES BASED ON RECOGNIZED CRITERIA

Beyond France's prioritization of the implementation of legislative measures, success also relies on the mobilization of economic actors particularly in the form of standards and labels for responsible businesses, commitments adopted voluntarily by professional sectors and the strengthening of ties between socially responsible investment and CSR. In this respect, the rapid development of international competition in the production of CSR standards can be observed. France needs to be vigilant and active in this field. Several working areas have been opened in this field, both following the ISO 26000 negotiations and with the new French legislative steps of 2009 and 2010, as mentioned above.

### Pursuing the international standardization dynamic in the field of CSR

#### After ISO 26000

The negotiations launched by the International Organization for Standardization (ISO) to define a standard on the “social responsibility of organizations”, which were orchestrated in France by AFNOR, made it possible to set up a “mirror committee” made up of six components and supporting a very constructive dynamic: employers’ organizations (who chaired it), trade unions, consumer and non-governmental organizations, public administrations and experts. The French delegation was able to play an active role in negotiations. The standard **ISO 26000, “Guidelines on Social Responsibility”**, thus widely reflects the positions supported by France.

One of the most important chapters of ISO 26000 lists the different themes (“seven central questions”) to take into account to build a CSR initiative. This standard cannot be certified as it proposes recommendations and not requirements.

**France has undertaken work to follow up ISO 26000: the experimental standard XP X30-027 “give credibility to a social responsibility initiative based on ISO 26000”, as well as the standard regarding responsible purchasing (NF X50 135 1 and 2) and the draft standard XP X30-029, “methodology to identify relevant and important fields of action for the social responsibility of an organization – document for the implementation of ISO 26000”.**

Working groups on certain sectorial applications of the ISO 26000 standard have also been set up, as well as a policy committee of the French ISO 26000 Observatory.

The emergence of an international market for the assessment of the implementation of ISO 26000 by businesses is also emerging. In France, several benchmarks can be identified under the standard ISO 26000, drawn up by rating and assessment agencies or by certifying bodies. Certain bodies are also involved in promoting ISO 26000 in French-speaking countries.

#### The EU Eco-Management and Audit Scheme (EMAS)

In parallel, France follows the work of the National Standardization Commission on the tools provided by the European EMAS regulation to aid environmental management and governance. The Ministry for Ecology, Sustainable Development and Energy is the competent body responsible for registration and efforts to promote and implement the regulation.

## Non-financial reporting indicators

France, represented by the Ministry for Ecology, Sustainable Development and Energy on the one hand and by the Ministry of Foreign Affairs on the other, is part of the Governmental Advisory Group of the Global Reporting Initiative (GRI), a private organization which enjoys the support of UNEP, which has established itself as the body defining the most relevant performance indicators in the CSR field. In May 2013, the GRI will present a new version of the standard which summarizes these indicators and how to implement them: GR4. The preparations for this event are being followed attentively by all French CSR stakeholders, which are unfortunately insufficiently represented in the bodies which are working on its definition. A Media CSR Forum has been created, focused on preparing the media supplement of the standard GR3.1, which has led the way in what could be some of the most dynamic initiatives to follow the developments of the GRI.

Moreover, the work of the International Integrated Reporting Council (IIRC), a private international initiative launched in 2009 by major investors and accounting bodies with the aim of bringing closer together financial reporting and publishing of social and environmental information by 2020 as well as demonstrating the complementarity of this information with a view to generalizing "integrated reporting" by multinationals, has luckily led to the creation of a monitoring group in France.

## Prospects for sectorial CSR labels recognized by public authorities

Businesses which undertake CSR initiatives hope to be able to promote their efforts with their customers, particularly in intercompany relations, with product labels better-adapted to consumer relations.

It is difficult for this expectation to find a satisfactory response on the market as companies face a proliferation of CSR labels developed by private agencies at national and local levels, with either sectorial or general initiatives. This profusion facilitates neither corporate communication nor the use of labels by contractors and customers.

Article 53 of the Programming Act of 3 August 2009 on the implementation of the Grenelle Environment Forum stipulates that *"the State shall support the creation, for businesses of all sizes, of labels certifying the quality of their management in the environmental and social fields and their contribution to the protection of the environment and the implementation of an accreditation mechanism for independent certifying bodies responsible for attributing them."*

The solution in terms of labelling is not to certify as "responsible" but rather to promote the transparency of companies on their practices. This may mean transparency involving communication on results achieved (similar to CSR reporting) or "intermediated" transparency, involving a third party. This is the role that the non-financial assessor or rating agency can play. In addition to the legislative steps and public support facilities for corporate social responsibility (CSR), success relies on the mobilization of economic stakeholders, particularly in the form of voluntary commitments by professional sectors.

Since 2010, a working group on "responsible business labels" has brought together the major union organizations, the administration and the Association of French Regions to establish the general framework for a trial and recognition of "responsible business labels". It recently proposed a trial, to begin with, before the planned attribution of sectorial CSR labels recognized by the State. Interested professional associations are invited to draw up sectorial CSR benchmarks, particularly aimed at SMEs in their sector and compliant with the different requirements of a specification, including:

- drafting in liaison with companies and their stakeholders;

- evolving nature to take into account the highest standards in social responsibility of organizations;
- involvement of a third party;
- a method of verification covering results (reporting), a non-financial assessment (rating by a third party, or a combination of these two options).

The Environmental Conference for the Ecological Transition took up these conclusions and announced:

- support for the development of experimental sectorial or territorial initiatives in liaison with professional associations and territorial communities, including those aimed at volunteer SMEs;
- the definition of a specification aimed at better regulating verification, labelling and certification procedures in relation to CSR.

The progressive initiative which underpins CSR invites companies to face indicators – as is the aim of laws on transparency – but also to compare themselves with other companies and to set themselves apart on the market. This is why there are many labelling, certification and agreement initiatives, sometimes publicly supported.

Many initiatives are promoted by businesses. For example: the regional RSD2 label, developed by the Basse-Normandie region; the Lucie label; the Prestadd label by a professional union; the ALRS label for call centres; and the Fibre Citoyenne label by the Yamana association.

Publicly supported initiatives include:

- the “Diversité” (diversity) label, an “operational extension” of the Diversity Charter<sup>13</sup> launched in 2004, was created on 12 September 2008 by the National Association of Human Resources Directors (ANDRH) at the government's request. The tour of France of the Diversity Charter was launched in September 2012 to promote it by one of the main French employers' organizations, MEDEF (French Business Confederation), in the presence of the Minister-Delegate for Urban Affairs. In February 2012, of the 3547 businesses to have signed up to the Diversity Charter, 270 had received the Diversité label accrediting for a renewable period of three years their practices judged exemplary, and encouraging the widest possible adoption of such practices. This label, attributed by a labelling commission following an AFNOR inquiry, covers three main criteria: executive involvement, the motivation of directors and employees and the transparency of recruitment procedures.
- The “Egalité professionnelle” (professional equality) label was established in late 2004 with the support of the Ministry for Social Cohesion and Parity. It aims to develop the mainstreaming of mixed employment and professional equality between men and women by companies, administrations and all other bodies. It was drawn up and managed with the social partners, and is granted for a renewable period of three years. The labelling procedure relies on an investigation by the AFNOR Certification company. In January 2012, 47 companies and bodies totalling more than 750,000 employees received this label. These companies created a network which helps pool best practices.<sup>14</sup>

On this last point, it should be noted that the government also considered it useful to encourage negotiations between social partners: Decree 2011-822 of 7 July 2011 required the directors of companies of 50 or more employees to negotiate an agreement or active plan regarding professional equality by 1 January 2012 or face penalties. For this purpose, the Ministry with responsibility for labour provided companies with tools to assist in producing the Comparative

<sup>13</sup><http://www.andrh.fr/>

<sup>14</sup><http://www.afaq.org/web/afaqinstit.nsf/volfr/serlab>

Situation Report (RSC) on the general conditions of employment of men and women in the company. It included two RSC models (businesses with less than 300 employees, and businesses with 300 or more) and a guide to producing it.

## **Promotion of voluntary commitments between the State and professional associations**

The development of voluntary commitments, such as in the form of voluntary commitments agreements by professional sectors, is another success factor for a CSR promotion policy.

Voluntary commitments agreements by professional sectors supplement the range of existing conventions and agreements. They are signed by the stakeholders concerned and the Minister responsible for Sustainable Development. In signing them, the Minister recognizes the value of the commitments made by professional sectors and pledges to promote them and facilitate their achievement. The agreement must be collective, significant, binding and amendable, and be based on multiple criteria.

The mobilization of economic stakeholders in support of CSR leading to voluntary commitments agreements represents a powerful factor for progress whose assets are as follows:

- leading role;
- supplementary nature with regard to existing regulatory provisions;
- possible and effective promotion in certain agreements.

To date, more than 20 agreements have been co-signed by the State; a full list is annexed to this document. On 15 June 2011, for example, the French National Public Works Federation signed a new voluntary commitments agreement for a five-year period with the Ministry for Ecology, Sustainable Development and Energy. It has two major innovations compared to the first agreement, which was signed in 2008. Firstly, it is a framework agreement which aims to be adapted in each region by the 19 specialized unions and the 20 regional public works federations, in liaison with local State departments and local communities (at this stage, several regional agreements have been or are being signed). Secondly, it tackles new sustainable development themes such as corporate social responsibility, biodiversity and building employee skills.

## V. CSR IS ALSO SUPPORTED BY TERRITORIAL AUTHORITIES, A RELEVANT LEVEL FOR SME COMMITMENT

The 1992 Rio Earth Summit on sustainable development recommended the definition of concerted multi-stakeholder strategies in the framework of economically and socially coherent territories. Territorial communities are called upon in the framework of Chapter 28 of the Rio Agenda 21 to put in place an Agenda 21 programme at their level, incorporating the principles of sustainable development based on a *consultative process with their populations*. “As the level of governance closest to the people, they play a vital role in educating, mobilizing and responding to the public to promote sustainable development. “ Many French local communities and the consular network have taken up this challenge and are today major actors in local CSR promotion.

### Local community CSR efforts

#### Territorial community sustainable development reports

Article 255 of the Act of 12 July 2010 enshrining the national commitment to the environment makes territorial communities and separately-taxed public inter-municipality cooperation establishments (EPCI) of more than 50,000 inhabitants, as well as the community of Corsica, subject to the presentation of a report on the internal and territorial sustainable development situation prior to the debate on the draft budget. This requirement applies to close to 470 local communities and is an adaptation of the requirement for publicly traded companies, in place since 2001. In particular, for the local community concerned, this report allows the decision-making body to discuss policy choices and their coherence in the territory with regard to local issues and the purposes of sustainable development. The presentation of the aims of the Act of 12 July 2010 enshrining the national commitment to the environment and Article 255 stipulate that the aim is to *“commit mayors and the presidents of communities to present, ahead of the voting of the budget, a report on the sustainable development situation of the community in the sense of the reference framework for territorial sustainable development projects and for local Agenda 21s.”* This requirement is an adaptation of the requirement for publicly traded companies, in place since 2001. This report allows the decision-making body to discuss policy choices and their coherence in the territory with regard to local issues and the purposes of sustainable development.

The Decree of 17 June 2011 specifies the content of the report, which is in a two-part structure: one dedicated to the community's internal practices and activities, and the other to territorial policies. These two parts contain a presentation of methods of drawing up, implementation and follow-up, which can be described in the light of the five process components of the "reference framework for territorial sustainable development projects and local Agenda 21s".

It appears that it is at local level that CSR implementation initiatives by the SME fabric and their support needs can be best identified. Yet while attention, especially that of the authors of international standards and NGOs, is focused on the practices of large companies, it is certain that SMEs, which represent more than 90% of businesses in France, are very concerned with CSR. They often practice it voluntarily as an initiative for competitiveness and to break into new markets, and implement it at the request of their customers and contractors. A number of methodological tools are available to support them, often with territorial community support.

#### Multiple initiatives are being identified

Territorial communities, and in particular regions and departments, are amongst the most active actors in promoting CSR. Many include in their strategic documents a policy to support the economic, social or environmental performance of local businesses.

This policy is implemented in liaison with government agencies, the consular network and with the support of local agencies. These multiple initiatives take various forms, such as awareness-raising and training sessions, collective operations to support or draw up an initiative to support progress, events such as trophy ceremonies, the allocation of direct subsidies on conditions of compliance with sustainable development criteria or the introduction of these criteria in public purchasing.

It is completely vital to have an overview of the diversity of the work carried out by local public stakeholders to support CSR, in order to analyse and frame public policy which is anchored in local realities. With this in mind, the Ministry for Ecology, Sustainable Development and Energy is currently carrying out a study to refine its knowledge of the national landscape. This review aims on the one hand to describe the main efforts (training, awareness-raising, planning documents, adaptations of national policies, events) implemented at local level by territorial communities; and on the other, to draw up an assessment of the support needs of these actors, in order to produce new instruments in the framework of a national CSR promotion policy.

The involvement of territorial authorities in a national CSR support policy is essential. This is the reason behind the abovementioned reform of the National Sustainable Development Committee and the Grenelle Environment Forum, ensuring better representation of elected officials.

## **The consular network, professional associations and CSR support for SMEs**

Chambers of Commerce and Industry support SMEs in integrating CSR via various instruments. This support can take the form of CSR awareness-raising actions and diagnostics aimed at supporting businesses – particularly the trade and tourism industries – to mainstream CSR in their strategy and activities. These Chambers of Commerce and Industry have already contributed to trialling the guide SD 21000 with SMEs, and will do the same for the deployment of the new ISO 26000 standard with them.

The State signed a framework agreement in June 2011 with the Assembly of French Chambers of Commerce and Industry (ACFCI) in order to strengthen cooperation with this consular network to support CSR. The ACFCI initiated work on CSR issues in customer-supplier relations between SMEs and large companies. It has forged ties with the Corporate Social Responsibility Observatory (ORSE), in order to contribute to the web portal on CSR reporting: [www.reportingrse.org](http://www.reportingrse.org).

The ACFCI and the network of Chambers of Commerce and Industry have identified several targeted sustainable development actions to strengthen CSR initiatives:

- launch initiatives with the State concerning integration of CSR in the value chain (customer-supplier relations);
- carry out new collective actions with the State to help SMEs integrate CSR in their strategy;
- develop active cooperation with territorial State services to promote the best practices of the companies they support.

Lastly, the network of Chambers of Commerce and Industry will be a partner of the next “*Entreprises et environnement*” (businesses and the environment) prizes (participation in the jury, communication with participating companies and promotion of winners).

## VI. A DYNAMIC OF CONSULTATION, SOCIAL DIALOGUE, TRAINING AND RESEARCH

The government strives to spur on a dynamic of dialogue and consultation with all stakeholders regarding CSR themes. The Great Social Conference, the Environmental Conference for the Ecological Transition and the National Conference on Development and International Solidarity, organized in 2012, were high points, part of a continuum employing different institutional avenues such as the Social Dialogue Committee for European and International Matters, the National Committee for Sustainable Development and the Grenelle Environment Forum. The Prime Minister announced in September 2012 the upcoming creation under his supervision of a national multi-stakeholder platform for CSR.

But the reflection on the aims, methods and development of CSR is also the subject of work within private organizations which have been created spontaneously and which maintain regular contact with the public authorities. Institutions responsible for education and research also contribute to this dynamic.

### **Numerous structures participate in CSR commitment compliance, promotion and consultation**

We can highlight a few of the many initiatives:

#### **The Responsible Purchasing Observatory (ObsAR)**

The Responsible Purchasing Observatory (*Observatoire des achats responsables*, ObsAR) think-tank was created by private companies, public bodies and French purchasing networks. It aims to analyse progress made in terms of responsible purchasing via a benchmark which takes into account the general CSR sustainable development principles, current regulations and the national and international standardization system. It is working on defining indicators and benchmarks for best practices to help measure the social impact of purchases. It is a **forum for exchange and contact** between stakeholders.

#### **The French OECD National Contact Point**

The French National Contact Point (NCP) was created in 2001, in accordance with the implementing procedures of the OECD Guidelines for Multinational Enterprises. It is a tripartite body which brings together employers, unions and administrations, and can hear cases of alleged violations of the guidelines by multinational businesses. So long as these referrals are judged admissible, it offers its services to the involved parties to help settle the issues that are raised. Following its work, it publically reports on the results. Following a major reform of its internal regulations in 2012, the French NCP is now a means of action renowned for its effectiveness and equity.

#### **Bodies for cooperation and negotiation with social partners**

Bodies for cooperation and negotiation with social partners are preferred forums to discuss working conditions and workplace health and safety, as well as to tackle any other matter which is coherent with the CSR issue. The law stipulates that annual management reports shall be referred to Company Joint Committees, which means, for those subject to the social and environmental reporting requirement, that they have an opinion on it. International framework agreements, which



are practiced by a dozen large companies, are one of the most structured forms of this dynamic social dialogue.

### **The CSR commission of the French Business Confederation (MEDEF)**

The French Business Confederation has a CSR commission. It promotes CSR amongst its members by organizing seminars and training sessions, as well as publishing numerous guides. Recent publications include *“Cap vers la RSE : Faire de la responsabilité sociétale de l’entreprise un levier de performance”* (July 2012; “Set your course for CSR: make Corporate Social Responsibility a lever for performance”)<sup>15</sup> and *“Reporting RSE : Les nouvelles dispositions légales et réglementaires”* (May 2012; “CSR reporting: The new legal and regulatory provisions”).<sup>16</sup> It has also launched several dedicated websites including *“Ma planète énergie”* (an online self-diagnostic application; “My planet energy”), MEDEF RH (a presentation of best practices in gender equality, diversity, integration and management), and the AFEP-MEDEF Governance Code.

MEDEF also forges many partnerships with institutions and is at the origin of several partnership initiatives such as *the “nos quartiers ont du talent”* (there is talent in our neighbourhood) operation; the school-business week; economic dialogue with union organizations; and rapprochement between businesses and the academic and cultural world.

### **The General Confederation of Small and Medium sized Enterprises (CGPME)**

The CGPME and its professional associations work on providing information, raising awareness, training and supporting small and medium-sized enterprises in terms of the benefits of CSR. These SMEs represent more than 90% of French companies. In September 2008, the CGPME took a position on CSR issues by publishing, in partnership with the European Commission, a guide called *“La RSE : une opportunité à saisir pour les PME”* (CSR: an opportunity for SMEs to seize”). In 2011, the CGPME published its first “sustainable development report”,<sup>17</sup> covering CSR and the taking into account of stakeholders. In 2013, the CGPME will look closer at the ties between businesses and biodiversity.

### **The Corporate Social Responsibility Observatory (ORSE)**

In June 2000, some 30 large companies, portfolio management companies, union organizations, life insurance companies and mutual insurers (about 100 members currently) created a Corporate Social Responsibility Observatory. Its aim is to collect, analyse and disseminate information on CSR and SRI in France and abroad, to promote the exchange of information between members on their experiences, identify best practices and to facilitate the forging of partnerships with stakeholders and the networks concerned worldwide. It recommends promoting CSR through self-diagnostic tools, sustainable development indicators and the pooling of tools. In this capacity, it published in 2004, in association with public authorities, a practical guide to corporate professional equality, which was updated in 2009. It was accompanied by the creation of a website dedicated to equality issues and including a database of business agreements on the subject ([www.egaliteprofessionnelle.org](http://www.egaliteprofessionnelle.org)). In 2006, it led a reflection on the prospects opened up by partnership relationships between NGOs and businesses, leading to a public document.

With government support, it also participated in the publication of the Repertoire on corporate professional gender equality practices,<sup>18</sup> which was drawn up with the support of union confederations and large companies. In 2012, it supported the process drafting the implementing decree on CSR reporting via a technical seminar aimed at the different ministries concerned. As we have already seen, it runs the site [www.reportingrse.org](http://www.reportingrse.org), at the request of the public authorities.

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<sup>15</sup> <http://www.medef.com/medef-corporate/publications/vient-de-paraitre/fiche-detaillee/back/111/article/vigeo-vers-la-rse.html>

<sup>16</sup> <http://www.medef.com/medef-corporate/publications/vient-de-paraitre/fiche-detaillee/back/111/article/reporting-rse-les-nouvelles-dispositions-legales-et-reglementaires.html>

<sup>17</sup> <http://www.cgpme.fr/upload/ftp/rapport-dd-cgpme-2011-bd.pdf>

<sup>18</sup> [www.egaliteprofessionnelle.org](http://www.egaliteprofessionnelle.org)

## **IMS-Entreprendre pour la cité**

IMS-Entreprendre pour la cité<sup>19</sup> was created in 1986 by business leaders. The association brings together 230 companies committed to corporate social responsibility initiatives. Its action is focused on the following major themes:

- promoting diversity within businesses and combating discrimination. In this capacity, IMS-Entreprendre pour la cité has, since 2005, provided the General Secretariat of the Diversity Charter, which promotes the values of diversity amongst businesses (more than 3500 signatories as of February 2012), distributes support tools and produces an annual report on the progress of practices;
- universal access to employment, through partnerships fostering cooperation between businesses and local employment actors, at regional level or that of an employment basin;
- equal opportunities in education, with the creation of partnerships between businesses and secondary and post-15 educational establishments in order to help young people from disadvantaged backgrounds receive advice on employment prospects and be better guided in their choice of training;
- sponsorship to support mutually supportive partnerships between businesses and associations or general interest structures;
- development of “inclusive business”, which consists in supporting the access to the products and services of business of people who were previously excluded from the market.

## **The Action Against Exclusion Foundation (FACE)**

The Action Against Exclusion Foundation (*Fondation Agir Contre l'Exclusion*, FACE) was established in 1993. It has charitable status and promotes the social and societal commitment of businesses locally. FACE is a network of more than 4000 businesses working to support CSR, regarding social integration, education, access to services and local development. Its territorial coverage of 43 local clubs helps it implement collective action to support economic, cultural and social innovation. The Foundation and its 200 staff offer local facilities to develop employment basins, for social inclusion and to reduce all forms of poverty. The Foundation's work includes mentoring, coaching, qualifying training paths, mobilization through sport, integration through culture, social mediation, support in combating discrimination, support for communities in managing territories, support for associations, mutually-supportive donorship and social microcredit. In total, FACE runs close to 60 schemes.

## **The College of Sustainable Development Directors (C3D)**

The College of Sustainable Development Directors (*Collège des directeurs du développement durable*, C3D) brings together sustainable development directors who wish to support proposals aimed at strengthening the momentum of corporate involvement to support sustainable development in public debate. It carries out and publishes work on the sustainable development function in businesses, the integration of the carbon footprint in management, and sustainable development; and promotes dialogue with other business functions such as human resources, communication and marketing.

## **The Young Business Leaders Organization (CJD)**

This club unites more than 3000 business leaders, primarily from SMEs. Since 2008, the CJD has devised a methodology to implement CSR by launching a trial of “overall performance”. This encourages businesses to draw up a new vision of performance, focused on sustainable development issues, more respectful of stakeholders and less centred on maximizing short-term profits. This “overall performance” approach recognizes four dimensions to performance – economic, social, environmental and societal – and underlines the fact that corporate success relies on their interdependence.

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<sup>19</sup> <http://www.imsentreprendre.com/>

## **French Global Compact Network**

The Network is an association which was set up in 2005. It aims to support the implementation of the 10 Global Compact principles in France, extend the network of corporate signatories and promote mutual learning and the exchange of best practices. It also organizes conferences, round tables and regional and national debates on matters linked to globalization and corporate social responsibility. More than 750 French companies are members, which makes France the country with the largest network worldwide in terms of the number of "business with more than 10 employees" members.

## **The Citizens Forum for CSR**

The Citizens Forum for CSR (*Forum citoyen pour la RSE*) is made up of NGOs, experts and trade unions. Its goal is to act as a forum for exchange and expertise, public expression and advocacy on matters related to CSR, based on two main aims:

- 1) promote the convergence of member communications with public, European and international authorities to allow structuring national, European and international frameworks for CSR to emerge, which could promote collective bargaining;
- 2) develop a common resources centre to promote the design of instruments and forums for independent assessment, capable of ensuring the democratic sustainability and social and environmental effectiveness of the corporate awareness-raising process.

## **Comité 21**

Comité 21 is a network of actors involved in the operational implementation of sustainable development. Its mission is to create the conditions for exchange and partnership between its members from all sectors so that they initiate and implement sustainable development locally. It is made up of four colleges which include the different stakeholders involved in France, including businesses (multinationals and SMEs), territorial communities (municipal to regional level), associations (environment, development, local solidarity, human rights, etc.), institutions, higher education establishments and the media. This network of more than 470 members bases its action on multi-actor partnership and concrete action. To carry out this mission, Comité 21 supports its members in implementing sustainable development, through internal awareness-raising, identification of strategic and managerial issues, choice of stakeholders within the member network, and participation in local and school Agenda 21s. It promotes the pooling of innovation using tools and best practices, as well as producing recommendations.

## **Promoting CSR in education and training**

### **Education, sustainable development and CSR**

France is generalizing sustainable development education by educating its 12 million pupils in these challenges and issues so that they can act responsibly in both their personal and professional lives. By taking into account the interdependences between the societal, economic and environmental dimensions, sustainable development education raises future citizens' awareness of corporate social responsibility. The plan to generalize sustainable development education is implemented with inclusion of sustainable development issues in teaching curriculums, in teacher and educational support staff training, in school and establishment projects and in the production of teaching resources. In addition to government services, it mobilizes territorial communities, associations, public establishments, research centres and businesses.

In 2011, France's education system entered the third phase of sustainable development education's generalization, the major focuses being:

- strengthening academic and establishment governance and management;
- enlarging the partnership policy in this field, particularly demonstrated in 2011 by project agreements with public establishments (Environment and Energy Management Agency, water agencies), and NGOs and associations producing educational resources on sustainable development issues, as well as, more widely, with government services; and locally, with territorial communities, associations, public establishments, research centres and businesses;
- better information distribution to share the efforts that have been implemented;
- affirmed synergizing of sustainable development education with other cross-cutting disciplines, particularly health, risks, development and international solidarity education.

Active mainstreaming of sustainable development issues in the content of general, technological and vocational education and in continuous training of adults in GRETAs (groupings of public educational establishments which pool their competencies and resources to offer continuous education for adults) is an important focus of the plan to generalize sustainable development education in France. This inclusion in vocational diplomas interacts with the goals of the “plan for the mobilization of sectors and territories for green growth trades”, initiated by the Government.

Educational developments came in 2011, when new general and technological training programmes entered into force in the framework of the reform of post-15 education establishments. One of the major innovations is the reform of the Management Sciences and Technologies track (STMG) and its introduction from *première*, the penultimate year of baccalaureate studies, through a programme focused on five major themes and case studies. The aim is to ensure understanding of a set of concepts, tools and approaches to apprehend the functioning of organizations. These components include all issues linked to CSR.

Similarly, the Industry Sciences and Technologies track (STI), which has become Sciences and Technologies of Industry and Sustainable Development (STI2D), is coherent with the aim of giving young people the appropriate technical and vocational skills for the necessary technological and industrial developments, while promoting good job prospects.

France is very mobilized regarding the development of the diploma offer, with both the concern to address challenges and to avoid the proliferation of “sustainable development-targeted” diplomas which are insufficiently combined with other skills and little adapted to the needs of the economy.

### **CSR in higher education, training and research: a common benchmark for universities and *grandes écoles***

French higher education has been multiplying and strengthening its efforts in support of CSR (and of sustainable development more generally) since the Grenelle Environment Forum in 2007. From the beginning of the academic year in 2012, with 2.4 million students and in a context of greater independence for universities, the creation of excellence clusters and great international competition between establishments, RSE emerged as one of the cards which French universities often play. This consideration of CSR by French higher education applies simultaneously on four levels: teaching, territorial roots, the implementation of a “green plan” policy and international presence.

Thus in recent years, CSR training programmes have spread widely in most establishments. CSR is seen as “*the contribution of businesses to sustainable development issues*”. To date, there are more than 261 higher education training programmes, both initial and continuous, which are more specifically focused on “*sustainable development and corporate social responsibility*”. The aim is now to better integrate CSR teaching in conventional curriculums, which supposes great interdisciplinary cooperation, in both social sciences and “hard” sciences.

## The Rio Declaration for higher education: a French initiative<sup>20</sup>

At Rio+20, French higher education establishments took the initiative for the Rio Declaration for higher education, which received more than 300 pledges from French and foreign establishment managers. This comprehensive initiative is supported by all of the many international institutions: UNESCO, UNEP, Global Compact, UNPRME (Principles for Responsible Management Education; 400 universities worldwide), United Nations university network, United Nations Academic Impact. The UN Secretary-General's report on Rio+20 mentions it as a best practice.

## CSR research

Some 500-600 teaching and research staff from universities belonging to the fields of management sciences, economics, law, sociology, communication, philosophy, environment science and history are united around two associations which were established in the mid 1990s. These associations lead CSR research in France with international influence: the International Network for Research into Organizations and Sustainable Development (RIODD)<sup>21</sup> and the Association for the Development of Teaching and Research on Corporate Social Responsibility (ADERSE).<sup>22</sup> In addition, there are the teaching staff of business schools specialized in CSR and SRI, who can also conduct research and publication actions.

The tools preferred by these active networks include:

- facilitation of financing for research products, those of the National Research Agency (ANR) in France;
- annual conferences, with calls for communications; presentations or participation in colloquiums;
- research and network of exchanges within research laboratories, Master's programmes and doctoral schools;
- international partnerships (links with CSEAR, the Centre for Social and Environmental Accounting Research of the University of St Andrews, Scotland; the ESEE, the European Society for Ecological Economics; the Society for Business Ethics, SBE; the International Society of Business, Economics and Ethics, ISBEE; the International Centre for Corporate Social Responsibility, ICCSR; the Quebec Centre for Research on Social Innovation in the Social Economy, Businesses and Trade Unions, CRISES), and strong cooperation with Morocco and Tunisia in particular;
- scientific journals (journal of the organization responsible for the RIODD);
- permanent working groups (on finance, agriculture, accounting with the order of chartered accountants, etc.);
- thesis prizes;
- literature watch and distribution including theses, which are numerous and increasing.

In France, in addition to CSR research financing by the National Research Agency (ANR), there is the MOVIDA "support for the transition to sustainable lifestyles and consumption" research programme of the Ministry for Ecology, Sustainable Development and Energy, whose second call for research proposals was recently launched for candidatures by 15 January 2013. French researchers also apply to European programmes.

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<sup>20</sup> <http://www.uncsd2012.org/index.php?page=view&nr=341&type=12&menu=35>

<sup>21</sup> <http://www.riodd.net/>

<sup>22</sup> <http://www.aderse.org/>

## VII. THE STATE, A RESPONSIBLE ECONOMIC ACTOR, SPEARHEADS CSR

The State acts in a regulatory capacity to promote CSR, but is also aware of the spearheading effect it has as a purchaser, vendor and employer. It exercises this effect directly and through businesses and institutions over which it has control. The chapter dedicated to responsible investment has already shown to what extent, as a financial actor, it has a spurring effect in the development of SRI, which owes its first successes above all to institutional investors. Though public tenders and publicly owned companies from the productive and services sectors, it implements another dimension of a CSR promotion policy.

### **The Exemplary State policy**

The French Government committed in 2008 to an initiative aimed at effectively and gradually mainstreaming sustainable development into its functioning. The notion of the *Exemplary State* (*État exemplaire*) was introduced by a Prime Ministerial circular on 3 December 2008 and is based on tangible application of eco-responsibility and social responsibility principles.

Eco-responsibility means a reduction in the volume and an improvement in the quality of public purchasing, with the aim of reducing the environmental impact. Government services thus have the target to reduce their energy, water and paper consumption significantly and to focus collective catering on organic food. These eco-responsibility measures rely essentially on improving the energy efficiency of buildings and the implementation of reasonable professional travel and waste management policies, for example. Adaptation effects are of course expected from suppliers.

Socially, the State's responsibility means the setting of high targets concerning the fundamental rights of persons at work, integrating and maintaining disabled people in employment, the employment of long-term unemployed persons, and professional gender equality.

There are two tools for the effective implementation of these two principles: firstly, the definition of a clear strategic framework for each administration: the "exemplary administration plan. Secondly, there is a very effective financial incentive-disincentive instrument. Based on the principle of emulation between ministries, this system helps to share out a fund of €100 million depending on the sustainable development performances of administrations. These performances are measured using a series of indicators (18 in 2012) and are verified by the Ministry for Ecology, Sustainable Development and Energy.

Administration results are published in an annual report which shows the performances of administrations and highlights best practices. It is posted on the website of the Ministry responsible for Sustainable Development. Moreover, Ministries must communicate with their staff on their actions and results in terms of sustainable development.

The circular defining the framework of the policy is currently being updated.

### **Sustainable public purchasing**

According to the European Commission, public purchasing contributes close to 18% of European GDP. Conscious of this potential leverage effect, the "Exemplary State" policy also aims to focus government procurement on eco-responsible and socially responsible purchases. It aims to play a spearheading role with other public purchasers by leading the way. Upstream, it encourages its suppliers to comply with the standard it sets. The promotion of sustainable public purchasing relies

on the training of public purchasers, the management of purchasing networks and the publication of guides for public purchasers on sustainable development themes (the most recent relate to fair trade and green spaces).

The national action plan for sustainable public procurement is updated, capitalizing on the progress of the "Exemplary State" policy. The field of procurement with high stakes in terms of energy efficiency is the first to be revised within a working group uniting public purchasers and experts from State, territorial community and hospital sector administrations.

The possibility for public purchasers to introduce social and environmental clauses and clauses supporting SMEs into their purchase specifications and tenders is very limited by the current European directives in this field, which themselves strive to comply with the rules laid down by the World Trade Organization (of transparency, non-discrimination and equal treatment). France has high expectations of the revision which is underway of the 2004 public procurement directives which stipulate provisions called "*strategic use of public procurement*" and which should extend the overly limited possibilities existing in the previous wording.

## **The social responsibility of businesses and public establishments**

In their missions and functioning, public bodies have to address the same energy efficiency and resource management requirements as any business, while maintaining public sector culture and values. Public bodies, which promote values and missions serving the collective interest, are thus particularly encouraged to implement strong social responsibility initiatives. It was to facilitate this development and to promote the exchange and research into the best approaches that the Public Establishments and Publicly Owned Companies Sustainable Development Club was set up in 2006. The Club counted 60 diverse voluntary members in early 2012, including companies responsible for transport services, a company managing games, museums, autonomous ports, hospitals, universities, Chambers of Commerce and Industry, research institutes, financial establishments and social bodies.

In a collegial approach, its members drew up a "Sustainable Development Charter". Its signatories pledge to undertake or pursue an initiative to integrate sustainable development into their establishment or business plan, into their functioning practices and into their relations with their partners and with other stakeholders in the territories where they are present, as well as to transpose this approach into a managerial action plan. They must also create reporting mechanisms and produce regular reports.

All the bodies involved in this initiative have now drawn up an action plan addressing the requirements of the "exemplary administration plan" following the Prime Ministerial circular of 3 December 2008 on the exemplarity of the State regarding sustainable development in the functioning of its services and public establishments. More than a third of them have already published a sustainable development report. The Club is working in a participative manner on the creation of methodological tools on the social responsibility of public bodies, linked to the specific context defined by their statutes. Member bodies participate in the process of capitalizing on and distributing the knowledge and exchanging best practices (including through meetings to share with peers), drawn up and carried out in the framework of the Club.



## VIII. FRANCE SUPPORTS AND PROMOTES THE DEVELOPMENT OF CSR AT EUROPEAN AND INTERNATIONAL LEVELS

France will pursue its efforts to support CSR in European and international forums, with the aim of encouraging development of international standards which are coherent between one another in order to save companies from having to comply with too many different national standards, each having its own costs. These standards must promote respect for the common fundamental values of humanity as embodied in the declarations and conventions which are universally recognized in CSR fields: labour law, environmental law, human rights law and the fight against corruption.

### **The post of Ambassador with responsibility for CSR**

On 15 September 2008, the position of Ambassador with Responsibility for CSR was introduced within the then Ministry of Foreign and European Affairs. The Ambassador's mission is to handle French diplomacy in the international forums where this theme is discussed, whether these forums promote exchanges on best practices and their distribution or whether they host the drafting of standards. The Ambassador thus played an active role in the ISO 26000 negotiations, in updating the OECD Guidelines for Multinational Enterprises and in drawing up the United Nations Human Rights Council's Guiding Principles on Business and Human Rights. The Ambassador participates in following up and implementing these standards and is the head of the French Delegation to the High Level Group on CSR, which is held regularly by the European Commission. Along with the Ministry for Ecology, Sustainable Development and Energy, the role involves chairing the Group of Friends of Paragraph 47 on sustainable development reporting (see *infra*) and the Global Reporting Initiative (GRI) Governmental Advisory Group. In addition to its international diplomatic dimension, this role has a dimension regarding dialogue with all the French economic and social stakeholders concerned. The Ambassador is thus a member of the Lille World Forum of Responsible Economy's Scientific Council. The role includes managing the Ministry of Foreign Affairs' website dedicated to CSR.<sup>23</sup>

### **Promoting France's vision at European and international levels**

France promotes an ambitious vision of CSR, based on a certain number of themes on which it focuses its efforts particularly.

#### **Respect for human rights**

In the framework of UN forums, France participates actively in the discussions underway concerning the implementation of the Guiding Principles on Business and Human Rights, adopted unanimously by the Human Rights Council in June 2011. In this capacity, it strongly supported the adoption by the Council of Europe's Steering Committee for Human Rights (CDDH) on 28 November 2012 of a decision entrusting to the institution the role of identifying, in the standards adopted by the Council of Europe and the law of its member countries, principles which could inspire the work of the group of experts created in 2011 by the United Nations Human Rights Council to ensure the implementation of these Guiding Principles, as well as those of the European Commission on the same theme.

Concerning the European Union, whose October 2011 Communication on CSR "Invites EU Member States to develop by the end of 2012 national plans for the implementation of the UN

<sup>23</sup> <http://www.diplomatie.gouv.fr/fr/enjeux-internationaux/diplomatie-economique-901/responsabilite-sociale-des-22057/>



Guiding Principles (on Business and Human Rights)", the French Government decided to seize the National Consultative Commission on Human Rights (CNCDH), an independent institution including different categories of CSR stakeholders, asking it to formulate proposals for the French National Plan. In so doing, it repeats the enriching experience of a previous referral in 2006, whose result, handed down in 2008, allowed it to fuel its participation in the consultations organized by the UN Special Representative of the Secretary-General on Human Rights and Transnational Corporations and Other Business Enterprises, the author of the Guiding Principles on Business and Human Rights. The French Government had expressed interest in the recommendations made by the CNCDH in a letter by the Secretary-General of the Government on 3 March 2010.

The difficulty for victims of violations of their rights by transnational companies to access justice was highlighted in the reports by the UNSG Special Representative and is the subject of the recommendations of the third and last chapter of the Guiding Principles which he had adopted by the Human Rights Council. Solutions can be found for example in the organization of forms of recognition of parent company liability vis-à-vis subsidiaries and exclusive and major suppliers.

As the Secretary-General of the Government wrote to the President of the National Consultative Commission on Human Rights in 2010, *"the reform of French criminal law organized by Act 2004-204 of 9 March 2004 adapting justice to the developments of crime, the "Perben II Act", had already extended all the grounds for prosecution previously reserved for natural persons to moral persons. Offences committed outside the national territory may also lead to criminal prosecution. Complicity is recognized by French law which, given the complexity of the implementation of this liability with a transnational dimension, gives the prosecutor, representing the general interest, a key role in procedures. This reform considerably extended the scope of corporate criminal liability, established a framework which goes well beyond the practices of most nearby countries."* France is one of the few countries to offer victims such possibilities.

In the same spirit, it proposed, in the framework of the **revision of the Brussels I regulation** which defines the territorial competence of the jurisdictions of the EU Member States, to extend the possibility for persons from non-EU countries who are victims of a crime or offence committed by a European company to have access to courts in a European country.

In addition, France plays an active role within the **International Organization of la Francophonie** to ensure that the theme of human rights in CSR is given prevalence. The final declaration of the summit of the Heads of State and Government of the International Organization of la Francophonie, held in Quebec from 17-19 October 2008, highlighted *"the commitment of the French-speaking States and Governments to promoting an internalized democratic culture and full respect for human rights"*. It also affirmed that Corporate Social Responsibility provides *"added value in support of peace, the rule of law, cooperation and sustainable development"* to face up to the economic challenges which confront the most vulnerable member countries in their striving for sustainable and harmonious development. This declaration proclaims the commitment of the States to get involved. The final declaration of the October 2012 Kinshasa summit confirms this: *"We commit to promote corporate social and environmental responsibility and encourage businesses to accede to the relevant international instruments, standards and principles."*

Lastly, France's commitment is also demonstrated in the support provided for the design of international standards aimed at **protecting the rights of populations which are victims of massive agricultural land grabs threatening their food security**, in an international context where large-scale land acquisition operations are multiplying, often opaque and detrimental to the land rights of local people.

In the framework of the Land and Development Technical Committee, an inter-stakeholder working group which brings together administrations, experts, professional and civil society organizations and the institutional Interministerial Group on Food Security (GISA), took a stance in a document produced in June 2010: "Large-scale land-grabbing and responsible agricultural investment: for an approach guaranteeing human rights, food security and sustainable development". This text

established, as a precondition for investment, a principle of respect for the rights of land uses (formal or informal) and another of compatibility of private uses with the general interest.

France contributed to a great extent to the adoption on 11 May 2012 by the United Nations Committee on World Food Security (CFS) of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), guidelines encouraged by the 67th United Nations General Assembly, which urges States to work on their application. These land guidelines now constitute a reference for action for French businesses and investors. Our country, for its part, has pledged to respect them in its operations supporting agricultural investments (French Development Agency projects, Proparco participations, etc.) and to promote them among its businesses in the sector.

France will also be actively involved in the cycle of negotiations of the Responsible Agricultural Investment (RAI) principles, which just started at the CFS. The experience of some of its businesses, which have already undertaken such policies, should be developed on this occasion.

## **Non-financial reporting**

During its Presidency of the European Union in 2008, France invited the Commission to undertake work in this field to prepare the framing of a European policy in the field of non-financial reporting. The draft legislative initiative on compulsory non-financial reporting for large European companies, originating in this request, receives France's full support as it defines a level of requirements sufficient to organize satisfactory transparency. France also supports the proposal for a directive requiring project-by-project information from businesses in the extractive and forestry industries on payments made to the public authorities in the countries where they carry out their activities.

With this same aim of increasing transparency in payments made to local public authorities by businesses exploiting the natural resources of developing countries, France was also one of the first supporters of the Extractive Industries Transparency Initiative (EITI), launched during the Evian G7 Summit in 2003. This Initiative now counts 37 countries as well as many of the world's largest oil and mining companies.

In June 2012, along with Brazil, Denmark and South Africa, France launched the initiative of the Group of Friends of Paragraph 47 of the Outcome Document of the Rio+20 Conference on Sustainable Development, which aims to promote the transparency of businesses in terms of social and environmental information through reporting, with the support of the United Nations Environment Programme (UNEP) and the Global Reporting Initiative (GRI). This group is an intergovernmental initiative which Norway has already joined. It also intends to work with other stakeholders interested in the development of non-financial reporting. For this purpose, it has laid the ground for the creation of stakeholder "reference groups", one international and the others at individual member State level. These groups will meet regularly.

## **Social dialogue as the basis for organizing dialogue with corporate stakeholders**

In 1988, an international business negotiated for the first time with its unions an International Framework Agreement for the implementation of CSR. Since then, a dozen other businesses have followed its example. According to a CSR Observatory/Ministry of Foreign Affairs study in November 2010, "the credibility of the CSR initiative" has been increased considerably by the contractual and global nature of these agreements, which are characterized by:

- the promotion of universal international standards: all international framework agreements refer to fundamental conventions and often to other ILO conventions too. Some also refer to the United Nations Global Compact as well as to the OECD Guidelines for Multinational Enterprises, thus including the environment, human rights and fighting corruption;
- their application to the whole company, which can be defined extensively: international framework agreements are often an opportunity to define the boundaries of the group within which the rights and principles of the agreement are contained, filling the breaches in most

national legislations. 20% of the agreements studied stipulate that compliance with the commitments constitutes a criterion for selecting subcontractors;

- contractual negotiation and implementation of commitments: in managerial procedures for setting and adapting goals at local level, annual evaluation is always planned, often facilitated by indicators and reports;
- provision for complaint procedures: these allow the group's employees, including those of subsidiaries, to report breaches of the rights guaranteed in agreements;
- the inclusion of external audits: in addition to union participation in annual evaluation of the agreement's implementation, the preparation of periodical renegotiation of the agreement often involves external audits or specific internal forums including all levels, from local to global.

The French companies which have concluded and apply an international framework agreement are, by chronological order of agreement signature: Danone, Accor, Carrefour, Renault, EDF, Rhodia-Solvay, EADS, Lafarge, Arcelor, PSA and France Télécom.

In international frameworks, France promotes the development of this form of CSR contractualization. More generally, France promotes a vision of CSR internationally which is based on organizing forms of dialogue with the companies' different stakeholders, making democracy part of its governance practices.

## **Combating climate change and promoting biodiversity**

France participates actively in European work on the Organisation Environmental Footprint (OEF). It is a member of the "Sustainable Consumption and Production" group. This method of calculating the environmental footprint of organizations relies in particular on the methodology and benchmark of the carbon footprint, drawn up by the Environment and Energy Management Agency (ADEME). France also organized in January 2012 a response to the public consultation on the OEF methodological guide, which terminated on 3 April 2012. France is particularly interested in the convergence of existing and complementary tools in order to give the consumer the level of information judged necessary and sufficient on the environmental performance of the organization so that they can make a reasoned purchasing decision.

## **CSR promotion in developing countries**

A "CSR roadmap", aimed at all embassies, should be published at the initiative of the Minister-Delegate for Development in January 2013. The Development and International Solidarity Conferences, a participative process launched in November 2012 that should last until March 2013, are also reflecting on the subject. CSR has become a stake in the definition of new models for development and the promotion of basic rights, and is the subject of growing interest in the development thinking and action sphere. The "roadmap" project invites our embassies to play a major role through different channels (priorities for action) that they are encouraged to implement by mobilizing all services and French economic actors. For example:

- offer certain governments who so wish cooperation in building their national CSR standards;
- support collective initiatives by local associations and businesses which promote CSR in developing countries (local CSR forums, fair trade, etc.);
- support the initiatives of French actors which contribute to the production of basic goods and services which help combat poverty;
- build a partnership in these areas with other European countries and their development agencies;
- act as strategic information sources on CSR standard projects and help identify French businesses to involve in negotiations via, for example, an interdepartmental organization involving the French Development Agency (AFD) office.

A section<sup>24</sup> of the Ministry of Foreign Affairs website provides documentary resources.

<sup>24</sup><http://www.diplomatie.gouv.fr/fr/enjeux-internationaux/diplomatie-economique-901/regulation-de-l-economie-mondiale/l-enjeu-des-normes-juridiques-et/>

In the framework of its “Strategic Orientations Plan 2007-2011” (POS2), the **French Development Agency** (AFD), the pivotal operator of France’s bilateral official development assistance (ODA), had already adopted a CSR policy split into three commitments : promoting the principles of environmental and social citizenship in functioning and internal management; mainstreaming of sustainable development issues in reflection and strategic planning; and strengthening of assessment, control and follow-up practices regarding the social and environmental impacts of all operations. In its “Strategic Operations Plan 2012-2016” (POS3), it has set itself higher requirements to become an exemplary operator in all its fields. As part of its activities, including via its financial subsidiary Proparco,<sup>25</sup> the AFD organizes environmental and social assessment of the projects it conducts, with its financing being conditional on the conducting of studies or updates. The AFD also pledges to evaluate a carbon footprint for each project it finances, in order to measure the greenhouse gas emissions linked to the project. It recently published its first CSR report which, audited by an independent party, will be posted on the Global Reporting Initiative (GRI) website, a non-governmental organization which is a benchmark in the field.

Another instrument exists: the Private Sector Aid Fund (FASEP). This instrument of the Ministry of the Economy, Finance and Industry has several dimensions, including the FASEP-RSE, which was created in 2010. It aims to encourage contractors to analyse in the light of CSR principles the offers they receive from companies which are primarily based in developing countries. The goal of this programme is two-fold: firstly, it aims to make it part of the framework of official development assistance and thus to ensure that projects addressing the development needs of the Agency’s priority funds benefit. Secondly, the programme aims to contribute to the international development of French businesses in sectors where they have recognized expertise. Since 2000, €260 million of donations have supported 400 services provided by more than 150 French companies in 55 countries.

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This assessment of CSR practices in France, carried out over a very short period for the reasons explained in the introduction, is surely only partial. Its authors apologize to any organizations whose work has been unfairly left out. They are invited to continue the “national consultation” informally, addressing their suggestions for improvement to the two main drafters at the Ministry for Ecology, Sustainable Development and Energy<sup>26</sup> and at the Ministry of Foreign Affairs.<sup>27</sup>

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<sup>25</sup> <http://www.proparco.fr>

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