

**VP Verheugen
Speech at CSR Alliance event
4 December 2008**

Ladies and gentlemen,

My colleague Vladimir Spidla explained earlier today the nature of the challenge that we addressed to the EU business community in 2006. Let me briefly recall it: this Commission has clearly recognised the key role of business for the achievement of the objectives of the partnership for growth and jobs and reflected it in its policies. In return we expected that business play fully their part for achieving these objectives in a way that is consistent with our values, in a way which fosters people's trust in our economic and societal system.

You will agree with me that honouring this contract has never been more important than in the present economic and political circumstances. The financial crisis has severely shaken the trust of people in the capacity of a global market-based system to deliver sustainable and equitable improvement in their living conditions. Yet, I am convinced that a system based on enterprise and open markets has no alternative. Today more than ever, therefore, all of us must play their role to prove that individual (business) prosperity does not go against the well-being of the whole society, but rather that it helps to increase it.

The Commission was very clear on this point in its reaction to the crisis: overcoming the economic recession and finding solutions to our environmental and social problems must not be a zero sum game. If we make the right decisions, we can show that European leadership on social and environmental issues will contribute to our competitiveness. For that we need enterprises providing market-based solutions to societal problems through the products you make, the services you provide and the processes you use.

In this year's Competitiveness Report, the Commission examined in detail how CSR can contribute to business prosperity and whether it does it at all. The result, which you can

also read in the document put at your disposal is rather clear. Enterprises which understood that CSR is a question of strategy rather than marketing are on the winning side. This analysis proves that it is not only possible to reconcile responsibility and prosperity, but that one can become a tool for the other.

Ladies and Gentlemen,

The first result of the joint work of businesses and their stakeholders under the umbrella of the European Alliance on CSR, which we discovered together this afternoon, is extremely encouraging. The mere number of the laboratories demonstrates clearly the diversity of ways how a business can be socially responsible. It also demonstrates how powerful this concept can be in allowing businesses to fully play their role as part of a society sharing its values and its convictions.

I wish to acknowledge the work of the many companies and other stakeholders who have helped to make the vision of the CSR Alliance a reality, and of the organisations who have helped to coordinate its work, including BusinessEurope, the European Savings Banks Group, UEAPME and of course our host today CSR Europe. I also wish to sincerely thank all of those who invested their time and intelligence in putting together this toolbox of instruments that will help to guide more businesses on the path towards social and environmental responsibility.

Vladimir Spidla and Louis Michel have mentioned earlier today the valuable work done in a number of areas under their responsibility. I wish to join them by appreciating particularly the work invested in empowering businesses to contribute to promoting entrepreneurship, innovation, eco-efficiency or to promote basic skills. I have always seen these issues as a crucial element of the growth and jobs strategy.

Allow me nevertheless to single out one laboratory whose work has particularly caught my attention: the laboratory on the valuation of financial and non-financial performance. I hope that the work of this laboratory can contribute to a quiet revolution in the way that enterprises who wish so can measure and communicate their non-financial performance, allowing investors and other stakeholders to use such information in their decision making processes. There is indeed no other powerful

incentive to consider the strategic role of CSR than an investor able to value the role that it plays for the future prosperity and sustainability of a business.

On the many issues you have addressed in the twenty or so laboratories established under the Alliance, nobody now has the excuse that they do not know what to do. And I strongly encourage the Alliance to continue to work on completing and improving these tools and cover possible gaps.

The next challenge is to ensure that these instruments are disseminated and promoted beyond the community of enterprises and other stakeholders present here today. The Commission has already allocated resources to assist with that process, as well as to establish some new laboratories.

Ladies and gentlemen,

Compared with a few years ago, we can be positive about the uptake and understanding of CSR as a concept. But more importantly, a far greater number of enterprises, large and small, now accept CSR as a necessary and legitimate part of business. The best enterprises have a deep understanding of the issues at stake and see in this agenda an opportunity for new revenue streams and new forms of value creation. Our key trade partners also become more sensitive to the role that CSR can play and we spare no efforts to make them aware.

Impressive though many of these achievements are, in reality the process of change has only just begun. We need you to keep raising the bar. We need you to demonstrate that CSR is part of your competitive positioning and of your corporate values, and that it is therefore not something that can or will be jettisoned in times of economic hardship.

Finally we need you to keep searching out new forms of engagement with other stakeholders, using ideas such as those identified by the laboratory on this issue. At European level, this includes participating actively and constructively, along with all other stakeholders, in the meeting of the European Multistakeholder Forum planned for February next year. Like the Alliance, the Forum is an important pillar of European policy on CSR.

I wish to end by congratulating you again on your achievements in the many laboratories whose results are presented today. When your work started, we could not have guessed that you would be presenting your results in a context of financial crisis and economic recession. But your results take on added importance precisely because they are presented in such a context. We remain committed to working with you to achieve our ambition of making European a global pole of excellence on CSR.

Thank you.