

**Speech by European Commissioner Gunter Verheugen, Vice President of the
European Commission responsible for Enterprise and Industry**

European MarketPlace on Corporate Social Responsibility

November 29, 2007 – Brussels Belgium

Ladies and gentlemen,

This is the third CSR Europe Market-Place that I have had the pleasure to attend. Each event has been bigger and better than the previous one and I am confident that this tradition will continue today. All of those who were involved, and CSR Europe in particular, are making a significant contribution to realising our joint vision of Europe as a global pole of excellence on CSR and I thank you for that.

This year's market place is held in the context of a good economic performance by European companies. Growth hovers around 3%, new jobs are being created, and productivity is increasing quicker than in any recent years. Indeed, the economic cycle is in a favourable swing. But I am confident that we are also experiencing here the first long-term benefits of the growth and jobs strategy reform agenda.

I take these positive developments also as evidence that Europe can prosper in a globalized economy. But rather than a cause for complacency these results should be a stimulus to continue and accelerate our efforts. So do our – your - competitors.

We indeed have reasons to remain concerned about our comparatively low levels of spending on research and development; we also all know that in many EU corners the attitude to change and innovation needs to be improved; Europe is still not business-friendly enough.

Achieving further progress in these areas is closely linked with our capacity to address the burning challenges of our age and to turn them into opportunities. Let me

name a few - climate change and the move to a low carbon economy, energy supply, the North-South development divide, immigration, population ageing, security.

As you know, the EU's ambition is to take a leading role. Ambitious targets to cut greenhouse gas emissions have been agreed, energy policy has been stepped up, external aspects of competitiveness are on top of our agenda. But, let me be clear, we will not be able to build on synergies between competitiveness and sustainability without the collaborative efforts of enterprises and other stakeholders. It is no accident that the European Strategy for Growth and Jobs is built on the concept of partnership, and stresses the social responsibility of companies as an additional, however very important means to reach global excellence.

It is in the interest of business to operate in a predictable, safe and sustainable society which values the contribution of enterprises. The future leading companies will be those that operate in line with society's expectations. Shareholder value will come to reflect how successfully a company delivers value to society.

Your own work demonstrates that solutions to societal problems can also be concrete and valid business propositions. The eco-industry already employs more people in Europe than key sectors like manufacturing and pharmaceuticals. The so-called "bottom-of-the-pyramid" business models offer enterprises new commercial possibilities in selling products and services that help to improve the lives of poor.

My recommendation to all enterprises here today is to further broaden your understanding and practice of CSR to encompass the question of innovation also by moving sustainability and CSR to the centre of corporate strategy and purpose.

The CSR Alliance is a powerful political tool to demonstrate CSR leadership. Today we will have the pleasure of witnessing some of the results of your work. Business cooperation can provide high-quality guidance and recommendations on strategically important CSR issues.

I am particularly pleased to see that with the launch of the website you have also responded to our call to allow everybody to benefit. That is an important step in terms

of transparency. It will inspire and inform other enterprises, stakeholders and public authorities, including the Commission. It will also encourage the millions of small and medium sized enterprises in Europe to continue and even further step up their social engagement, which is unfortunately still often overlooked as a strong basis of CSR in Europe.

I wish to congratulate all of you who contribute to a better understanding between business and society. In particular I applaud the efforts of our hosts today, CSR Europe and its members companies. The progress that I am keen to witness myself in a minute leaves me confident that the results will live up to the high expectations that we all have.

We very much hope that enterprises and stakeholders will come to jointly present the results of their cooperation, in the Alliance laboratories and in other contexts, during the review meeting of the CSR Multistakeholder Forum planned at the end of next year.

The progress demonstrated here today gives an idea of how well CSR is progressing in the EU. We are on the right track.