



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE ISSUE

Parliament report on CSR creates mistrust towards small businesses

- UEAPME calls on MEPs to reject Howitt report on Corporate Social Responsibility
- Suggested clauses on compulsory reporting and additional liabilities main concerns for SMEs

Brussels, 6 March 2007. The current debate on CSR at the European Parliament is going in the wrong direction according to UEAPME, the European craft and SME employers’ organisation, which urged MEPs to reject the so-called “Howitt report” at a breakfast meeting in the EP today. Proposals to introduce legally binding reporting clauses and additional liabilities for enterprises will shy small businesses away from CSR practices, said UEAPME Secretary General **Hans-Werner Müller (1)**.

“We are strongly convinced of the added value of CSR for small businesses”, stated Mr Müller. “Socially responsible practices are in fact already taking place in European small businesses, yet for many SMEs CSR remains a relatively unknown concept. The Howitt report currently on the European Parliament’s agenda does not help in this respect – it puts businesses under a bad light and is filled with unreasonable, unworkable and excessively bureaucratic measures.”

Mr Müller went on to elaborate on the main SME concerns. He stressed that the report proposals to introduce compulsory reporting on CSR activities are completely off the mark. These measures seem to be driven by suspicion and geared towards the reality of big multinationals. First of all, CSR must be seen in the light of its voluntary nature. *“Imposing compulsory reporting clauses on a voluntary activity is tantamount to nonsense”,* he added. Secondly, obligatory reports will not make enterprises more socially responsible; quite the contrary, they will put them on the defensive and scare them away from CSR. Thirdly, calls for compulsory reporting do not take into account the additional administrative burden for SMEs, which is already unacceptably heavy. Finally, a useful evaluation and verification by independent third parties, as suggested, would be impossible when facing 25 million reports.

Additional liabilities arising from CSR practices are also recommended by the Howitt report, both for a company’s own actions and for subcontracting or supply chain relations. These would be of no added value, continued Mr Müller. In fact, the existing legislation already provides sufficient safeguards in principle. Moreover, it is not up to the enterprise to control the legal compliance of third parties, such as other businesses, which is instead one of the essential tasks of public authorities. Finally, small enterprises do not have the means to control third parties on their legal compliance – for instance, they do not have access to all the necessary information.

Further requirements on standardisation, the creation of a single point of contact, the appointment of an EU Ombudsman on CSR and the publication of an Annual Report on CSR were also rejected by Mr Müller as worrying attempts to institutionalise the issue. He insisted on awareness raising campaigns and SME-tailored tools as the only workable way to mainstream CSR in small and medium-sized enterprises.

“The European Parliament report on CSR leaves a lot to be desired. It creates mistrust towards enterprises and more red tape for them. I am under the strong impression that it will not contribute to the promotion of a real uptake of socially responsible activities by enterprises in general and SMEs in particular. We therefore call on the Parliament to reject this report”, concluded Mr Müller.

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(1) http://www.ueapme.com/docs/pos_papers/2007/070306_press_briefing_CSR.pdf

EDITORS’ NOTE: UEAPME is the employers’ organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 81 member organisations, which represent crafts and SMEs across Europe, covering over 11 million enterprises with 50 million employees. UEAPME is a European Social Partner.

Further information: Luc Hendrickx, Director for Enterprise Policy and External Relations, Tel. +32 2 230 7599

Francesco Longu, Press and Communications Officer

Email: pressoffice@ueapme.com Web: www.ueapme.com/pressroom/