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PROMOTION OF RESPONSIBLE GROWTH

- RECOMMENDATIONS FROM THE DANISH COUNCIL ON CORPORATE SOCIAL RESPONSIBILITY

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1. Introduction: Recommendations for a new action plan on CSR

The “Action Plan on Corporate Social Responsibility” (May 2008) shows that the government wishes to promote a development in which a growing number of Danish companies work actively on business-driven corporate social responsibility (CSR)¹ – in particular if they operate internationally.

In this way, the government hopes to realise the overall objective of the action plan, which is to make Denmark and Danish companies renowned for responsible growth.

The Danish Council on Corporate Social Responsibility is pleased with the government’s current efforts to support the CSR work of Danish companies. The Council shares the government’s opinion that social responsibility should benefit both the individual business and society. The Council also agrees that social responsibility affects not only businesses but also investors and public institutions. Finally, the Council welcomes the government’s focus on the UN’s Global Compact and the Principles for Responsible Investments (PRI) as a common international framework for the CSR work of Danish companies².

In the light of the above, the Council is of the opinion that the basic objectives and framework of the government’s current action plan will remain relevant, also in the years to come.

The work to implement the government’s current action plan has now been completed. Therefore, the Danish Council on Corporate Social Responsibility hereby presents its recommendations for a new action plan on CSR. The Council notes that two initiatives remain outstanding: an international conference on innovation and a focus on social responsibility within the business promotion scheme.

The initiatives in the government’s current action plan have created a good framework for future development in this area. This was confirmed at the summit meeting of the UN Global Compact in June 2010, where Denmark was mentioned as an example of how governments can create good frameworks for CSR. The basic framework is now in place and must be consolidated in the time to come.

The main challenge in the coming years will be to fill in this framework. Responsible growth must be promoted among companies. The public sector, organisations, investors and consumers must also contribute to an enabling environment for CSR.

¹ Business-driven CSR is equivalent to *Strategic CSR (CSR)*, cf. Porter & Kramer (2007): “The Link between Competitive Advantage and CSR”, Harvard Business Review.

² The Council regards it as a positive development that since the government presented its action plan in 2008, the number of Danish companies participating in Global Compact has almost quadrupled from 54 to a total of 187 companies (November 2010). The same trend can be seen among investors: only four Danish investors had endorsed the PRI in 2008, and the number is now 19.

There is nevertheless a need for increased efforts in certain areas, if Denmark is to maintain its position as an international CSR leader, also in the coming years. The Council is of the view that there is a need for increased efforts in the following areas:

- *Strategic embedding and global front runners:* It is necessary to promote strategic CSR, in particular among small businesses. Many large Danish companies need to bring their work up to a global leadership level.
- *Respect for international principles:* It is necessary that Danish companies take active steps to embrace the world's social and environmental challenges.
- *Communication and reporting:* It is necessary to strengthen the CSR communication and reporting of Danish companies.
- *An enabling environment for CSR:* It is necessary to strengthen the collaboration about CSR between the business sector on the one hand and consumers, investors, organisations and the public sector on the other.

2. What is CSR?

The Danish Council for Corporate Social Responsibility understands corporate social responsibility (CSR) as follows:

A company demonstrates social responsibility and creates value for both business and society by addressing social, environmental and ethical challenges in dialogue with its stakeholders and in accordance with internationally recognised principles for CSR.

CSR involves activities relating to human rights, labour rights, environment and anti-corruption measures that go beyond legislation³. CSR is about meeting *both* fundamental *societal* expectations regarding responsibility and *business* expectations concerning improved competitiveness.

The Council recommends that companies work *strategically* with CSR. A company's CSR policy must be embedded in the strategy, organisational structure and business activities of the company and be planned in accordance with the strategic challenges and core competences of the individual company⁴. CSR involves handling risks and developing business concepts, products and services that can create both growth for the companies and social and environmental improvements for society.

³ This is in agreement with EU's understanding which is: "... about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs". (COM(2006) 136 final, p 1)

⁴ Porter, M.E. & Kramer, M.R. (2006) "[Strategy and Society: The Link Between Competitive Advantage and CSR](#)", *Harvard Business Review*, December 2006, pp. 78-92.

For the Council, CSR also means that companies respect *international principles for CSR*– regardless of where in the world they are operating. Essential components are the protection of and respect for the freedom and dignity of man and the aim to achieve sustainable development. This is in accordance with the UN Global Compact.

2.1. Focus on human rights and international environmental standards

The UN Secretary-General has appointed a special representative, John Ruggie, to analyse and make recommendations about the relationship between business and human rights. Ruggie has defined the human rights framework as “Protect, Respect and Remedy”. It is the responsibility of member states to *protect* against human rights violations. It is the responsibility of corporations to *respect* human rights. If violations nevertheless occur, there should be a *remedy* in the form of complaint mechanisms to enforce accountability.

John Ruggie expects to present his final recommendations in 2011, but it is already evident that they will result in increased expectations of the efforts companies have to make to prevent human rights violations. Companies must demonstrate due diligence and take reasonable steps to ensure respect for these principles in the operation of their business. So far, Ruggie has stated that, in his view, companies must 1) draft a human rights policy; 2) assess the impact of company activities on human rights; 3) integrate these values and results into the company’s management systems, and 4) monitor, report and follow-up on results⁵.

Human rights are also a key component of the UN’s Millennium Development Goals, the so-called 2015 goals, which aim to ensure a dignified and sustainable future for the world by the year 2015. There is an increased international focus, for instance under the UN Global Compact, on how companies can contribute to the realisation of the eight 2015 goals through their work on CSR.

Therefore, respect for human rights, including labour rights, as well as global social and environmental challenges will be essential components of the CSR work of Danish companies in the years to come.

The Council realises that, in reality, it can be a challenge for companies to respect these principles in all situations⁶. In some countries this can cause considerable dilemmas, for example where national legislation and compliance with internationally acknowledged principles are either non-existent or not enforced.

However, companies cannot solve this task on their own. There is growing awareness internationally that CSR is best implemented in effective collaboration with consumers, investors, organisations and the public sector.

⁵ Cf. <http://www.business-humanrights.org>

⁶ Cf. the Council’s Guidelines for sustainable supply chain management – www.csrcouncil.dk

This is reflected in the wording of the first international standard on CSR, ISO 26000, which provides general guidance on CSR for both companies and other organisations, including the public sector. In the Council's opinion, responsible growth should be a shared vision for companies, investors, consumers and organisations⁷ as well as the public sector.

3. A shared vision for responsible growth

Based on the government's current action plan, the shared vision for the work should be for Denmark to demonstrate global leadership within responsible growth.

The Council is of the view that, for this vision is to be realised, there is a need to promote responsible growth and create an enabling environment for CSR.

VISION

**DENMARK MUST DEMONSTRATE GLOBAL LEADERSHIP
IN REGARD TO RESPONSIBLE GROWTH**

We must promote responsible growth by encouraging all players in society to assume an active role.

- *Companies* must work strategically with CSR, and more Danish companies must become global leaders.
- *Consumers* must be given an opportunity to use their buying power to drive responsible growth.
- *Investors* must drive responsible growth through their investments.
- *Organisations* must drive responsible growth through their own work as well as through requirements and dialogue.
- *The public sector* must drive responsible growth through relevant public activities, in particular procurement.

⁷ The word 'organisations' should be taken to mean non-governmental organisations in general, i.e. unions, trade organisations, NGOs, etc.

4. How can the vision of global leadership be realised?

The Council's recommendations serve to pinpoint areas that promote the vision of Denmark as a global leader in responsible growth. The recommendations should be based on an evaluation of the status of CSR in Denmark in the light of international development.

The following SWOT analysis highlights some of the most important national and international trends⁸. The focus is on national strengths and weaknesses and international opportunities and threats⁹. It should be noted that an international threat can also be an opportunity, if the mentioned conditions are exploited. It should also be noted that the intention is to provide an overview of important aspects – not an exhaustive picture.

Figure 1: SWOT analysis of CSR, nationally and internationally

Denmark must demonstrate global leadership in regard to responsible growth	
Strengths nationally	Weaknesses nationally
The majority of companies already work with CSR with a focus on the environment and employees. The number of Danish members of Global Compact is growing.	More than half of the companies, especially small and medium-sized enterprises (SMEs), do not work <i>strategically</i> with CSR, do not know the results of their work and do not communicate about it.
A growing number of Danish institutional investors have endorsed the UN-backed principles for responsible investment and work with active ownership. ¹⁰	A lack of active ownership and focus on social, ethical and environmental aspects of investments among non-institutional investors.
Strong traditions for broad collaboration between NGOs, the business community, consumers, investors and authorities.	Few partnerships between companies and organisations in relation to challenges in developing countries (especially the UN's 2015 goals).
The government's action plan has created a better framework for promoting CSR.	There is no coordination between state and municipalities with regard to public procurement.

⁸ Strengths, Weaknesses, Threats, Opportunities.

⁹ The Council is of the opinion that the analysis provides a correct picture but recognises that certain weaknesses and limitations may attach to the methods used to gather the underlying data. Emphasis has been placed on providing a simple and brief picture, and some of the intermediate calculations have therefore been omitted.

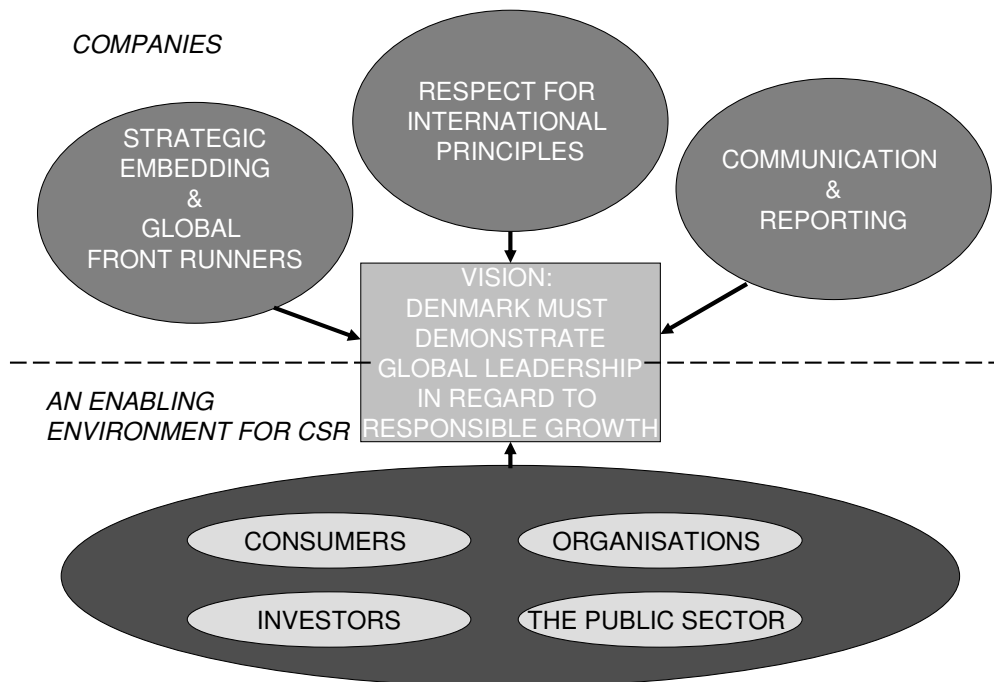
¹⁰ Ethical investments are implemented using a number of different strategies. These strategies can be reduced to four categories: 1. Negative screening (deselection and disinvestment) 2. Positive screening (preferences and selection) 3. Engagement (active ownership) 4. Integration (active investment management process) Eurosif SRI study 2008.

Denmark must demonstrate global leadership in regard to responsible growth	
Opportunities internationally	Threats internationally
A strong Danish commitment to the UN's Global Compact.	New global, social and environmental challenges are not being exploited (e.g. the linking of the company's social goals with the UN's Millennium Development Goals).
International investors and business leaders increasingly focus on CSR.	Growing global competition from new growth economies / financial crisis.
Impending recommendations from the UN about business and human rights will constitute a common international framework.	Denmark's global leadership is challenged by a number of large foreign companies that have made huge progress in terms of respect for human rights.
International focus on CSR among employees and consumers.	Denmark's global leadership is challenged by a number of large foreign companies that are leaders in the field of CSR.
Large Danish companies and investors report on CSR in their annual accounts.	Denmark's global leadership is challenged by a number of large foreign companies with a focus on fully integrated reporting and application of the GRI standard.

Based on the above analysis, the Council concludes that there is a need for increased efforts in four areas:

- *Strategic embedding and global front runners:* It is necessary to promote strategic CSR, in particular among small companies (SMEs). Many large Danish companies need to bring their work up to a global leadership level.
- *Respect for international principles:* In the years to come, the international development within CSR will focus on human rights and the UN's Millennium Development Goals (the 2015 goals). It is necessary that Danish companies become actively involved in this area.
- *Communication and reporting:* It is necessary to strengthen company communication and reporting on CSR.
- *An enabling environment for CSR:* It is necessary to strengthen the relationship between CSR and the social responsibility of consumers, investors, organisations and the public sector.

The figure below shows how the four focus areas support the vision for responsible growth, both individually and combined:



As stated in the Council’s terms of reference¹¹, the Council is responsible for “..supporting the work of Danish companies on corporate social responsibility ...”. These recommendations therefore focus on companies, private as well as public, and the way consumers, investors, organisations and the public sector can *drive* CSR. In the view of the Council, organisations, investors and the public sector can also benefit from working strategically with CSR in accordance with the guiding standard on social responsibility, ISO 26000. CSR – in private as well as public companies – is the focus of the Council’s work.

¹¹ Cf. <http://www.csrcouncil.dk>

5. Objectives and initiatives

In accordance with the visions outlined in section 3 and the SWOT analysis in section 4, the Council has defined a number of objectives for the four focus areas for the period until 2015, based on the Council's report on the CSR work of the Danish business sector (February 2010)¹².

To meet these objectives, the Council first of all suggests that the current work be maintained and consolidated and that the initiatives mentioned below be implemented in selected areas (see section 6 for a detailed description).

Focus area 1: Strategic embedding and global front runners

Objective: By 2015, more than 50% of Danish companies will have a strategy and/or a policy on CSR (against 31% in 2010).

The Council recommends:

- That *the government – in collaboration with trade organisations – promote strategic CSR, especially among SMEs, by making it easy for small companies to work strategically with CSR.*
- That *the government – in collaboration with companies and organisations – launch initiatives to support more large Danish companies in becoming global front runners within CSR.*

Focus area 2: Respect for international principles

In the coming years, there will be an international focus on the extent to which companies respect and engage in the promotion of international principles for CSR, including, in particular, human rights, labour rights and environmental standards. The strong endorsement of the UN's Global Compact and PRI among Danish companies and investors has given Denmark a strong foundation, which nevertheless needs to be extended and strengthened in the years to come.

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www.raadetforsamfundsansvar.dk/graphics/Samfundsansvar.dk/raadetforsamfundsansvar/Dokumenter/Dansk%20erhvervslivs%20indsats%20inden%20for%20samfundsansvar.pdf (in Danish only).

Objective: In 2015, 500 Danish companies will be members of the Global Compact (compared with 187 in November 2010).

The Council recommends:

- That *the government* make it a goal to implement and comply with the impending recommendations of the UN's special representative on business and human rights.
- That *the government – in collaboration with organisations* – support Danish companies in complying with the ten principles of the Global Compact.
- That *the government* launch a number of pilot projects to promote the guiding standard on social responsibility, ISO 26000, in collaboration with relevant players.
- That *the government and organisations* strengthen the UN's human rights and the UN's 2015 goals as an international framework for the CSR work of Danish companies.

Focus area 3: Communication and reporting

Objective: By 2015, more than 60% of Danish companies will be communicating about CSR (compared with 43% in 2010).

The Council recommends:

- That *the government* take the initiative to improve company reporting on social responsibility.
- That *the government – in collaboration with organisations* – promote guidelines for sustainable marketing.

Focus area 4: An enabling environment for CSR

To promote responsible growth in the Danish business sector – among both large and small companies – it is essential to create a positive interest in social responsibility among company stakeholders, consumers, investors and organisations as well as in the public sector.

Objective: Denmark should be one of the top five countries in the world when it comes to ensuring an effective relationship between CSR and key company stakeholders.

The Council recommends:

- That *the business sector and organisations* implement initiatives to stimulate partnerships between companies and NGOs, especially in developing countries.
- That *the government – in collaboration with the business sector and organisations* – launch activities to promote sustainability in the retail sector.
- That *the government – in collaboration with the financial sector* – continue to support the positive developments in responsible investment and recommend to investors that they endorse the UN-backed principles for responsible investment – PRI.
- That *the state, regions and municipalities* strengthen their work with strategic CSR and responsible procurement.
- That *the government* take active steps to integrate social responsibility in the education sector, including primary and secondary schools, upper secondary schools, continuing education and higher education.

6. Initiatives in selected areas

Focus area 1: Strategic embedding and global front runners	
Initiative	Description
1.1. Facilitating the promotion of strategic CSR	The Council’s survey shows that many companies – especially SMEs – do not work strategically with CSR. SMEs make up 99.7% of Danish companies and almost 87% of Danish companies have fewer than ten employees. SMEs employ approximately two thirds of private sector employees and account for more than half of total Danish trade (import and export) with developing countries and growth economies.

	<p>There is therefore a need to make it easier for SMEs to begin working with CSR and sustainable supply chain management with due respect for international principles in those areas. This does not require the development of new tools. Instead, existing tools and networks must be extended, streamlined and customised in accordance with the special needs of SMEs. There is a need to further develop the content and adapt it to the needs of the users while at the same time increasing companies' general knowledge of existing tools¹³.</p> <p>In addition, the government and trade organisations should collaborate around providing information and creating awareness of strategic CSR as a growth opportunity for SMEs. This can, for instance, be in the form of advice to entrepreneurs and SMEs in the context of the business promotion scheme. It is also important to use the experience of leading companies in this area.</p>
<p>1.2. Strategic embedding in company boards</p>	<p>To ensure the embedding of business-driven CSR in Danish company boards, the Council recommends the implementation of initiatives to strengthen the CSR work of the boards. In spring 2010, the UN Global Compact launched a guide for how and in what areas a board can contribute to implementing CSR and the Global Compact in the company. The Council recommends that a Danish version be prepared that also includes examples of best practice from leading Danish companies in the field. The Council also recommends that CSR be included in the training of board members. The UNDP's Nordic Office offers assistance with development in this area.</p>
<p>1.3. More global frontrunners within CSR</p>	<p>In current years, expectations to large companies operating worldwide are increasing. In June 2010, for example, the UN Global Compact launched an ambitious model for motivating leading international companies to further embed and strengthen their work¹⁴. The intention is that these global front runners should inspire other, especially smaller, companies and thereby drive development.</p> <p>With its act on corporate CSR reporting, which affects approximately 1,000 of Denmark's largest companies, the Danish government has placed a focus on large companies. This has resulted in increased transparency and a more strategic approach to CSR, which can inspire other companies¹⁵. It is important to remember that large</p>

¹³ In June 2010, the Confederation of Danish Industry and the Danish Commerce and Companies Agency carried out a user survey of the Climate Compass. It is therefore logical to revise the Climate Compass on the basis of this survey.

¹⁴ Cf. UN Global Compact (2010): "Blueprint for Corporate Sustainability Leadership"

¹⁵ The Danish Ministry of Economic and Business Affairs (2010): "*Samfundsansvar og rapportering – effekten af rapporteringskrav i årsregnskabsloven*" (Social responsibility and reporting – the effect of the reporting requirements in the Danish Financial Statement Act) <http://www.samfundsansvar.dk/sw64504.asp> (in Danish only).

	<p>companies can drive development. The Council therefore recommends that the government, in collaboration with organisations and companies, actively support and motivate large Danish companies to develop their work in the coming years so that more companies become global front runners. This can be achieved through dialogue, benchmarking, communication of best practice or prize-giving. These activities should also include pilot projects about the application of ISO 26000 in Danish companies in order to assess the advantages and disadvantages for Danish companies of using this standard as a basis for their CSR work.</p>
<p>Focus area 2: Respect for international principles</p>	
<p>2.1. Denmark as a business and human rights leader</p>	<p>A separate international issue is the relationship between business and human rights. The UN's special representative for business and human rights, John Ruggie, is due to present recommendations for this area in 2011, and it is expected that the recommendations will later be adopted by the UN. The recommendations will target both states and companies. In its impending CSR strategy, the European Commission will adhere closely to these recommendations. For a number of years, Denmark has maintained a high profile with regard to respect for human rights, in particular in the field of Danish labour rights. The Council therefore finds that Denmark should aim to become a leader in implementing and complying with the impending recommendations. In 2011, the Council will therefore make its own recommendations, once the UN has considered John Ruggie's recommendations.</p>
<p>2.2. Establishment of a grievance/mediation mechanisms</p>	<p>The Council shares John Ruggie's opinion of the need for effective remedies. The Council therefore intends to prepare recommendations for the implementation of grievance and/or mediation mechanisms that meet this need. In this regard, the Council will consider the existing remedy, the National Contact Point of the OECD, and the possibilities of introducing non-judicial grievance and/or mediation mechanisms.</p>
<p>2.3. Global Compact mentoring scheme</p>	<p>The UNDP's Nordic Office has completed a pilot project in which ten Global Compact participants take part in a mentoring scheme with five established Global Compact participants. The experience with the pilot project has been positive. The Council therefore recommends that the government promote and extend this mentoring scheme to new participants in the Global Compact. In this way, more companies, in particular small and medium-sized companies, will benefit from the scheme. The purpose of the mentoring scheme is to support new participants in their work to integrate the ten Global Compact principles and prepare the annual progress report. The Council suggests that the mentoring scheme be extended so that Global Compact participants are offered participation in a peer re-</p>

	<p>view of their progress report. In practice, the companies will receive feedback from other companies during the months leading up to the submission of the annual progress report to the Global Compact. The purpose of the peer review process is to assist new Global Compact participants with their first report and to contribute with best practices within reporting.</p>
<p>2.4. Promotion of ISO 26000</p>	<p>Denmark played an active role in the adoption of the social responsibility standard ISO 26000. It is therefore natural that Denmark should be a pioneer in the application and promotion of the new standard, which emphasises the importance of multi-stakeholder collaboration.</p> <p>The Council therefore encourages the government, in collaboration with the Council, the Danish Standards Association and other relevant players, to carry out a number of pilot projects using the standard as a basis for the CSR work of companies, authorities and organisations. Based on an evaluation of these pilot projects, the Council will formulate a number of goals for the promotion of the standard among Danish companies, organisations and authorities in the coming years and promote the knowledge of ISO 26000 through attention-grabbing activities, guidelines and network activities.</p>
<p>2.5. Strengthening of the 2015 goals as a framework for CSR work</p>	<p>The UN's eight global development goals (Millennium Development Goals) are an important framework for the CSR work of Danish companies. The Council therefore recommends that the government prepare a guide with advice and practical examples of how the UN's 2015 goals can be used as a starting point for innovation and initiatives in the companies. The guide should be prepared in accordance with the UN Global Compact. Organisations can also contribute by communicating about the 2015 goals and the UN's recommendations on human rights to make them relevant to the day-to-day work in Danish companies.</p>
<p>Focus area 3: Communication and reporting</p>	
<p>Initiative</p>	<p>Description</p>
<p>3.1. Strengthening of CSR reporting</p>	<p>There is growing support among international companies and investors for the international guidelines on CSR reporting, the Global Reporting Initiative (GRI). The GRI is a good starting point for companies that wish to report on their CSR work. At the same time, the international trend is towards <i>integrated reporting</i>, which means that CSR reporting is an integral part of the annual report and not a separate sustainability report.</p> <p>With its new act on CSR reporting of major companies and investors, Denmark is currently an international leader in CSR reporting. Nevertheless, only a small number of Danish companies currently include the CSR report in their annual report or report in accordance</p>

	<p>with the GRI. In addition, the survey of the first year's reports after the new Danish act was adopted shows that the reporting needs to be improved in certain areas in the years to come.</p> <p>The Council therefore finds that if Denmark is to maintain its current strong position in this area, it will be necessary to strengthen and improve the reporting of Danish companies on an ongoing basis. Reporting is, however, a major administrative burden, and the Council therefore emphasises that this development must take place in a manner that benefits both the staff preparing the accounts and the end users.</p> <p>The Council therefore recommends that the government take the initiative to establish a network for CSR reporting, which can constitute a forum for ongoing dialogue with authorities, companies, auditors and investors about the CSR reporting of Danish companies in the light of the international development in this area. Such a network should deal with reporting according to the Danish act as well as the Global Compact progress report, integrated reporting and GRI. The initiative should also be coordinated with the European Commission and the US Securities and Exchange Commission, both of which have new initiatives in the pipeline. Finally, the network can act as a framework for pilot projects or other activities to ensure that more Danish companies gain experience with integrated reporting.</p>
<p>3.2. Mapping of CSR reporting</p>	<p>The Council recommends that the government undertake an annual survey of the CSR reporting of Danish companies, including the degree to which Danish companies comply with the requirements of the new act on CSR reporting, and the benefits of this work for both the companies and their stakeholders. The purpose would be to highlight examples of best practice, Global Compact progress reports, the Global Reporting Initiative (GRI) and integrated reporting (cf. initiative 3.1).</p>
<p>3.3. Promoting knowledge of the sustainable marketing tool-kit</p>	<p>A number of tools and guidelines on sustainable communication and marketing have been developed both nationally and internationally. The Council recommends that the government make more Danish companies aware of these tools and their use and/or take an initiative to develop similar Danish versions in collaboration with relevant organisations and companies.</p>

Focus area 4: An enabling environment for CSR – consumers, investors, organisations and the public sector

Initiative	Description
<p>4.1. Stimulation of partnerships</p>	<p>The Council recommends that the government stimulate multi-stakeholder partnerships between companies, organisations and NGOs (both national and local NGOs). This can be achieved by informing companies and organisations of the advantages of partnerships and by providing practical assistance with the conclusion of partnership agreements via the existing Partnership Practice portal¹⁶.</p>
<p>4.2 A flexible sustainability concept in the retail sector</p>	<p>The organic market is the only sustainable market that has been a real hit with consumers¹⁷. In the light of the fact that consumers in general wish to support sustainable consumption¹⁸, it can be concluded that there is a considerable potential for increased sales of sustainable goods in the Danish retail sector. The Council recommends that the government – in close collaboration with the retail sector, (primary) producers, suppliers and other important players – launch an initiative to promote the sale of sustainable goods.</p>
<p>4.3. Focus on investor knowledge of responsible investment</p>	<p>Responsible investment requires that investors focus on the need for environmental protection, good social conditions and good governance. The Council recommends that the government continue to support the positive developments of the work of investors with responsible investment. The Council encourages Danish investors to endorse the UN-backed Principles for Responsible Investment (PRI). The government has just published its “Guidelines for Responsible Investment”¹⁹. The Council encourages the government to ensure that more investors become aware of these guidelines and to continuously follow-up and improve the guidelines, especially as regards the use of PRI and the participation of private investors in ethical investment institutions.</p>
<p>4.4. Strategic CSR in the public sector</p>	<p>As far as the public sector is concerned, the government’s action plan from 2008 contains some outstanding initiatives, which nevertheless need to be consolidated and extended in certain areas in the coming years. The Council recommends that public as well as private organisations work strategically with CSR. Public organisations have an obvious social responsibility role even if they</p>

¹⁶ www.partnershippractice.dk

¹⁷ Organic products constitute 7% of the total market for food products. Source: Statistics Denmark/COOP

¹⁸ Consumer survey 2008.

¹⁹ The guidelines can be downloaded from www.csrgov.dk

	<p>operate under other conditions than private companies. So far, there have been few cases where public institutions have integrated CSR in their work. In the coming years, the Council therefore recommends that pilot projects be carried out in which social responsibility is incorporated in different types of public organisations and authorities. Foreign experience can also be included in these pilot projects to the extent that it is relevant. On that basis, the government should consider the possibilities of promoting CSR in the public sector.</p>
<p>4.5. Promoting responsible procurement across the public sector</p>	<p>Public sector procurement amounts to approximately DKK 160 billion per year. The state and the public sector should use this as an opportunity to create responsible growth. The Council therefore considers it both correct and necessary that the government should focus on public procurement in its action plan for CSR (2008).</p> <p>The Council recommends that regions and municipalities increase their efforts to impose realistic and appropriate requirements of CSR in public procurement. The municipalities play a key role, as two thirds of public procurement is handled by the municipalities²⁰. The municipalities can, for example, participate in the Danish Ministry of the Environment’s “Partnership for green public procurement” to strengthen their work in this area. The partnership is an important platform and an easy way for the municipalities to incorporate environmental requirements in their procurement. Finally, the partnership is an important forum where municipalities can exchange knowledge and solutions about environmental procurement.</p> <p>In addition, the Council finds that the state, regions and municipalities should collaborate about preparing a common procurement guide that can advise buyers in a clear and straightforward manner how to behave in this area, whether state or municipal procurement is involved. It would, for example, be logical to develop an online tool for public procurement on the basis of the Nordic CSR Compass²¹. It is essential, however, that any future changes to public procurement practices take into consideration that small companies should continue to find it attractive to bid for public contracts.</p>

²⁰ The Danish Environmental Protection Agency - http://www.mst.dk/Virksomhed_og_myndighed/Miljoeindsats_paa_tvaers/baeredygtige_indkoeb/ (in Danish only)

²¹ The Danish online CSR Compass for responsible supply chain management is currently being upgraded and improved in collaboration with the other Nordic countries. The aim is to develop five national versions of the same tool. In the context of this collaboration, our Swedish and Norwegian partners have suggested developing a compass for public procurement.

	<p>Finally, the Council recommends that the government take the initiative to discuss within the EU whether current EU regulations make it sufficiently easy for companies to take CSR into account in connection with public procurement.</p>
<p>4.6. CSR education</p>	<p>If Denmark is to become a global leader within responsible growth, it is necessary that company managers and employees understand the importance of social responsibility. As citizens we must contribute to sustainable development, and as consumers we must be conscious of responsible consumption and its capacity to drive social responsibility in the business sector. As employees and managers in the business community, we must understand the importance of social responsibility for the operation of our business. As investors and lenders we must know what impact social responsibility has on the long-term competitiveness of a company. It is therefore necessary to actively incorporate CSR in the education sector, in primary and secondary schools, upper secondary schools, higher education and continuing education. Teachers must be inspired to integrate CSR in existing courses based on the UN's "Principles for Responsible Management Education" (PRME)²². The Council encourages educational institutions to incorporate CSR and sustainability in the subjects taught. Danish business-oriented degree programmes in particular have focused on CSR in their teaching for several years. The Council recommends that a national network of teachers be established within the business-oriented degree programmes. The purpose of this network would be to ensure that the next generation of managers and employees acquire a basic understanding of strategic CSR.</p>
<p>4.7. Development of initiatives to promote CSR incentives for companies</p>	<p>The public sector tries in many different ways to ensure greater social responsibility among Danish companies. However, no overview exists of how the public sector promotes or inhibits the incentives for companies to work with CSR. The Council therefore proposes to map the components in public regulations, services and procurement that serve to create incentives, and the nature of these incentives. The intention would be to develop measures that can encourage companies to work with CSR.</p> <p>This mapping must cut across the entire public sector, be focused on the business community, and record the interactions with the</p>

²² In 2007, a task force consisting of 60 deans, principals and representatives from business schools and universities drafted six principles for responsible management education, coordinated by the UN Global Compact. The principles constitute a global platform for responsible management education and cover both teaching and research of sustainability. At the current stage, the PRME has three Danish members.

	<p>public sector that encourage companies to work with CSR. Based on the results of this mapping process, the Council can subsequently develop initiatives for the government that will improve the incentive for companies to assume social responsibility. These initiatives should preferably be developed in collaboration with relevant authorities, stakeholders and companies. The mapping could, for instance, be carried out by the cross-ministerial development unit, MindLab²³, in collaboration with relevant companies, trade organisations and NGOs.</p>
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²³ MindLab is part of the Ministry of Economic and Business Affairs, the Ministry of Taxation and the Ministry of Employment.

7. Members of the Danish Council on Corporate Social Responsibility

Chairman

Mads Øvlisen (Chairman)

- Honorary Professor in Corporate Social Responsibility at Copenhagen Business School and member of the UN's Global Compact Board

Lise Kingo (Deputy Chairman)

- Executive Vice President and Chief of Staff, Novo Nordisk A/S

Expert members

Mette Morsing

- Professor and Director of the Centre for Corporate Social Responsibility, Copenhagen Business School

Peder Michael Pruzan-Jørgensen

- Managing Director of Business for Social Responsibility/Europe

Organisations

The Economic Council of the Labour Movement (AE)

www.ae.dk

- Marie-Louise Knuppert, Confederal Secretary at the Danish Confederation of Trade Unions (LO),

The Danish Chamber of Commerce

www.danskerhverv.dk

- Ole Schmidt, Globalisation Manager

The Danish Ethical Trading Initiative

www.dieh.dk

- Judith Kyst, Chairman of the Board of DIEH

The Confederation of Danish Industries (DI)

www.di.dk

- Tine Roed, Deputy Director General

The Danish Bankers Association

www.finansraadet.dk

- Susanne Dolberg, Deputy Director

The Danish Consumer Council

www.forbrugerraadet.dk

- Mette Boye, Director, Policy, the Danish Consumer Council

The Danish Insurance Association, ATP and LD (www.forsikringogpension.dk)

- Stine Bosse, Group CEO, TrygVesta A/S

The Danish Federation of Small and Medium-Sized Enterprises

(www.hvr.dk)

- Henning Høy Nygaard, Manager Business Development & CSR

The Danish Agriculture & Food Council

(www.lf.dk)

- Claus Sjøgaard-Richter, Executive Director

The Danish Association of Managers and Executives

(www.lederne.dk)

- Kim Møller Laursen, Head of Division

The Danish Shipowners' Association

(www.shipowners.dk)

- Annette Stube, A.P. Møller – Mærsk A/S, Head of Group Sustainability

The Danish Council for Sustainable Business Development

(www.rbenet.dk)

- Mogens Werge, COOP Danmark A/S, Director of Consumer Policy

The Danish 92 Group

(www.92grp.dk)

- Sanne Borges, Advisor, Business and Human Rights, Amnesty International