



CSR/SME

Promoting Social Responsibility
in Small and Medium Size Enterprises

CORPORATE SOCIAL RESPONSIBILITY

STATE OF THE ART IN THE NETHERLANDS

2004

EDITORIAL

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EXECUTIVE SUMMARY



The Netherlands is ranked 6th in the "National Corporate Responsibility Index 2003" published by "Accountability", in which 51 countries are rated.

The bases of CSR in The Netherlands are the three P's of 'the triple bottom line' by Elkington; People, Planet and Profit.

In 2001 and then in 2003 the Ministry of Economic Affairs inquired 300 enterprises (large, medium and small enterprises) about how they handle with CSR. The questions were focuses on CSR and social commitment of enterprises. The topics were chosen as activities with a surplus for the enterprises and the society, to the core business and not obliged by legislation.

It showed that CSR and the CSR-awareness of enterprises made an increase; from 51% to 72%. Sponsoring is one of the most important features of CSR; more than 50% of the Dutch enterprises support organisations.

CSR is also seen in the mission, vision and values of an enterprise; which can be found in the annual report. This report is made annually together with the annual account. Many enterprises also make an annual CSR-report; this isn't obliged.

The Dutch policy concerning CSR is mostly based on the advice the SER – Social Economic Counsel gave in 2003, after an extensive research. The essence of that advice is that CSR should be developed at 'the bottom'. This means that CSR is the primary responsibility of the enterprises and that the framework for CSR should derive from the social discussion between enterprises, NGOs, social organisations and the citizens of The Netherlands.

The Netherlands has ratified the ILO-convention and endorses the OECD-guidelines.

It is to be expected that CSR will get even more important in the future.

The Ministry of Economic Affairs would like to see an increase in transparency of enterprises concerning CSR.

There are a couple of CSR-awards in the Netherlands. In January 2003 the NIDO – National Initiative Sustainable Development and the Ministry of Economic Affairs initiated an academic research program concerning CSR. The research will offer support to companies at the interpretation of their social entrepreneurship and will give insight to society and the Government what can be expected of enterprises in dealing with CSR. In 2003 there were 9 big studies on CSR.

CSR gets a lot media-attention, in the newspaper and television as well as in events and conferences.

In 2003 the 'Corporate Governance Committee' published "*The Dutch corporate governance code – principles of good corporate governance and best practice provisions*". This code is one step forwards in restoring the public's trust and confidence in the honesty, integrity and transparency of the management and operation of Dutch listed companies. According to this code good corporate governance essentially revolves around efficient supervision of the management board and a balanced distribution of influence and power between the management board, the supervisory board and the general meeting of shareholders.

The starting point of this code was the publication of 40 recommendations on corporate governance in 1996. It will be applied for the first time to the fiscal year of 2004.

According to the International Corruption Index (2003) The Netherlands is one of the 'cleanest' countries in the world, rated on 7th place in the Index.

Many companies have certifications like ISO 14001, SA8000, OHSAS etc. but at this moment there isn't an organisation which keeps track of all the certifications in The Netherlands.

From the age of 5 to 15 it is obliged for children to go to school. The Government is promoting lifelong training and makes conditions and policy on this matter.

Methodical attention for labour conditions is rising. The reason is an increasing awareness of the importance of it and some changes in the Law of Labour Conditions. Besides this law, the Civil Law is quite strict on health and safety for employees.

According to the Dutch constitution and the European convention for the protection of human rights discrimination of all kind is forbidden. Adjacent to this The Netherlands participates in the EU-project 'EQUAL' which fights discrimination on the labour market.

There are two big fair trade labels in The Netherlands and one other label is being developed. The aim of these labels is that producers of the products get an honest price for their products. Besides the

fair trade labels there are some behavioural codes for different types of industry. These codes consist of rules on working conditions, conditions for buying etc.

There are 39 different Eco-product available, but only 3 are produced in The Netherlands.

Environmental legislation in The Netherlands is strict; for the citizens as for the industry. The Dutch environmental-policy is to work towards sustainable development. Sustainable development is made a main action point by the Government.

The base for sustainable undertaking was the report "*Our common Future*" by the UN (Committee Brundlandt). At this moment there are all sorts of funds like 'green'-investing, social- and ethical-funds. In the most recent years funds that select on all aspects of sustainability have undergone the biggest growth.

Quite a lot of Dutch companies are listed in social indexes like DJSI, FTSE4G and DSI.

In October 2003 the first Dutch social index was launched - the Kempen SNS Smaller Europe SRI Index. This index keeps track of the performances of smaller European companies that work according to sustainable criteria.

Since January 2002 'green' and social-ethical investment is made more advantageously by the tax authority.

Everyone living in The Netherlands for 50 years and turning 65 has the right to a pension. There's legislation on this matter and there are pension-funds for a supplementary pension.

The main reason for enterprises to be involved with CSR is the 'social duty'; over 60% is involved because it's the right thing to do. Besides that it has to bring profit to the enterprise. Having a CSR-policy will give the enterprise a better image towards the customers, suppliers and business partners, and this will lead to better publicity and more profit.¹

CSR still brings more profit to the companies than that is costs.

The main reason for not having any type of CSR-policy is the small-scale of the company (less than 10 employees). Another reason is that managers think their company doesn't involve CSR or just hadn't thought of it before.

¹ Ministry of Economic Affairs (2002 – 2003).

FOREWORD



This report is the first product conceived in the framework of the “CSR/SME – Promoting Corporate Social Responsibility in Small and Medium Size Enterprises” project, an European project developed with support from the Leonardo da Vinci Programme, promoted by CECOIA (a Vocational Training Centre for Trade from Portugal) and having partners from Austria, Estonia, Italy, Hungary and The Netherlands (Huesken & De Pree). The project will last until the end of 2005.

This report along with similar reports from the other countries belonging to the partnership and a highlights report with comparative and synthetic data from the different countries, constitute the final report on the “State of the Art” on Corporate Social Responsibility (CSR) on the countries belonging to the partnership.

The main goal of this work was to collect and organise relevant information to the project next phases. We are fully aware of the limitations and the credits resulting from the context in which the report was produced. This is not, therefore, a finished work, but a working document that should and must be improved in the coming future.

The data collection occurred until May 2004 reason why, all the information must be read taking in consideration this time framework.

The report structure was inspired in the Green Paper from the European Commission “Promoting a European Framework for Corporate Social Responsibility”.

In this report as well as in all the project, the accepted definition of Corporate Social Responsibility (CSR) is the one adopted by the European Commission in the Green Paper in which CSR is described “as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

We are aware of the fact that some of the subjects were not treated as deeply as they deserved. Considering the wide structure we choose, we dealt with many difficulties gathering information. Even thus we preferred to choose a more wide structure that could enable us to understand the long path we have yet to walk.

CHAPTER 1. INTRODUCTION

1.1. Country Description

The Kingdom of the Netherlands was formed in 1815. In 1830 Belgium seceded and formed a separate kingdom. The Netherlands remained neutral in World War I, but suffered invasion and occupation by Germany in World War II. A modern, industrialized nation, the Netherlands is also a large exporter of agricultural products. The country was a founding member of NATO and the EC (now the EU), and participated in the introduction of the Economic and Monetary Union (EMU) in 1999.

1.1.1. Population

The Netherlands, at the moment, have 16.3 million inhabitants living on 41.526 square kilometres. The population is still increasing with about 100.000 people a year.




The employment rate in 2003 was 68,8%. This means that 68,8% of the Dutch population (aged 15 – 64) was working at least 12 hours a week. The rate of women in the total workforce in 2003 was 41,5%.²

1.1.2. Economic Performance

The Netherlands is a prosperous and open economy depending heavily on foreign trade. The economy is noted for stable industrial relations, moderate unemployment and inflation, a sizable current account surplus, and an important role as a European transportation hub. Industrial activity is predominantly in food processing, chemicals, petroleum refining, and electrical machinery. A highly mechanized agricultural sector employs no more than 4% of the labour force but provides large surpluses for the food-processing industry and for exports. The Netherlands, along with 11 of its EU partners, began circulating the euro currency on 1 January 2002. The country continues to be one of the leading European nations for attracting foreign direct investment. Economic growth slowed considerably in 2001-03, as part of the global economic slowdown, but for the four years before that, annual growth averaged nearly 4%, well above the EU average. The government is wrestling with a deteriorating budget position, and is moving toward the EU 3% limit.³

GNP: 435.501 million euro in 2002.

For 2002 there a division can be made between the sectors and the percentage of GNP they hold:

 Agriculture	3,1%
 Industry	25,7%
 Services	71,2%

The unemployment rate (January - March 2004) is 6,6% (6,0% men; 7,5% women). The rate is increasing since 2001 (4,8%). The inflation is 1,4% (April 2004). Since 2001 the inflation is decreasing.

1.1.3. Structure of the Corporate Sector

Total number of enterprises in The Netherlands, 01-01-2003

Total:	692,960
Big enterprises:	179,310
Co-operations	1,835
Foundations:	21,285
Without staff:	336,835
Small enterprises:	132,395

²Information from www.cbs.nl; The Dutch Union of Statistics

³Information from www.cia.gov/cia/publications/factbook/geos/nl.html



1.1.4. International Conventions Subscribed by the Country

In total there are about 9000 conventions.

The Netherlands is an involved participant in 1663 multilateral conventions. These conventions are either signed and ratified, or just signed, or ratified and implemented.

The number of conventions in which The Netherlands isn't a participant but only signed, is much higher than 1663.

A number of international organisations where The Netherlands participates are:

AfDB, AsDB, Australia Group, Benelux, BIS, CE, CERN, EAPC, EBRD, ECE, ECLAC, EIB, EMU, ESA, ESCAP, EU, FAO, G-10, IADB, IAEA, IBRD, ICAO, ICC, ICCT, ICFTU, ICRM, IDA, IEA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, ISO, ITU, NAM (guest), NATO, NEA, NSG, OAS (observer), OECD, OPCW, OSCE, PCA, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNITAR, UNMEE, UNMIBH, UNTSO, UNU, UPU, WCL, WCO, WEU, WHO, WIPO, WMO, WTO, ZC.

1.2. CSR History in the Country

Companies have a number of important functions. They take care for flexibility and renewing, have a function in employment and economy, are a tool for individual growing and a vehicle for emancipation and integration.

Beside this all companies can contribute an important share faced on social problems and bottlenecks.

The interest for this social responsibility of companies is present already for a long time. Universities pay attention more and more to social responsible entrepreneurship and also the media is keen on it. The question is how the enterprises themselves handle with Corporate Social Responsibility (CSR). CSR can have a lot of approaches and will be mostly a mix of company interest and social interest.

The policy of the Dutch government is mostly based on the advice of the SER⁴ in 2003. The essence of this advice is that CSR should be developed at 'the bottom'. This means that CSR is the primary responsibility of the enterprises and that the framework for CSR should derive from the social discussion between enterprises, NGO's, social organizations and the citizens.

The reason for not making absolute rules for CSR is twofold:

- When rules are made and imposed on the enterprises, they will soon become minimal standards. In that way enterprises aren't longer forced to make extra effort for the society;
- Because of the differences in production it isn't possible to make good general rules. The enterprises have to fill in their own blanks.

The government has taken over the advice of the SER that CSR should belong to the core business of the enterprises. This means that enterprises' charitable activities aren't a part of CSR.

Together with other countries The Netherlands has ratified the ILO-convention and endorses the OECD-guidelines for multinationals. The ILO-convention has been incorporated in the Dutch legislation, so the Dutch government has to check if Dutch entrepreneurs live up to these rules; also in their foreign activities. For this reason The Netherlands support international initiatives, such as the Global Reporting Initiative. This initiative stimulates entrepreneurs be more transparent and open about all of their company activities.

As mentioned above, the ministry of economic affairs only strives to inform and to stimulate enterprises about CSR. Through a website the ministry provides information. The enterprise then can make its own decisions in dealing with CSR. It has to be said that it's very important that the activities concerning CSR are transparent towards all the stakeholders.

In 2001 and 2003 the ministry of economic affairs inquired how enterprises handle with CSR, therefore 300 enterprises have been inquired. This in small enterprises up till 10 people, medium size enterprises 10 till 100 people and big enterprises of more than 100 people. The questions were focuses on CSR and social commitment of enterprises. The topics were chosen as activities with a surplus for the enterprises and the society, to the core business and not obliged by legislation. Social commitment is focussed on activities not related to the core business of the enterprises. The figures below are indicative and certainly not total.

⁴ The SER (The Social Economic Counsel) advises the cabinet and the parliament about the outlines of the social and economic policy and about the most important legislation on the matter of socio-economy. A part from that the SER has some supervising and governmental tasks concerning the governmental organization. The Counsel is also involved in the implementation of some laws.

In all, the three P's of the 'triple bottom line' (Elkington; 1997) are the bases for reflecting on CSR: People, Planet and Profit.

The first 'P' of People stands for the investment of an organization in their own employees, as well as in people from outside the organization.

In the second 'P' it's about finding a balance between environment and economics.

The last 'P', of Profit, is for the enterprise, because CSR shouldn't get in the way of the profit of an enterprise.

The three P's can be realised in completely different ways by the different enterprises. Therefore it's in the line of thinking of the ministry that every enterprise develops CSR themselves; every organization can define it's own direction and policy.

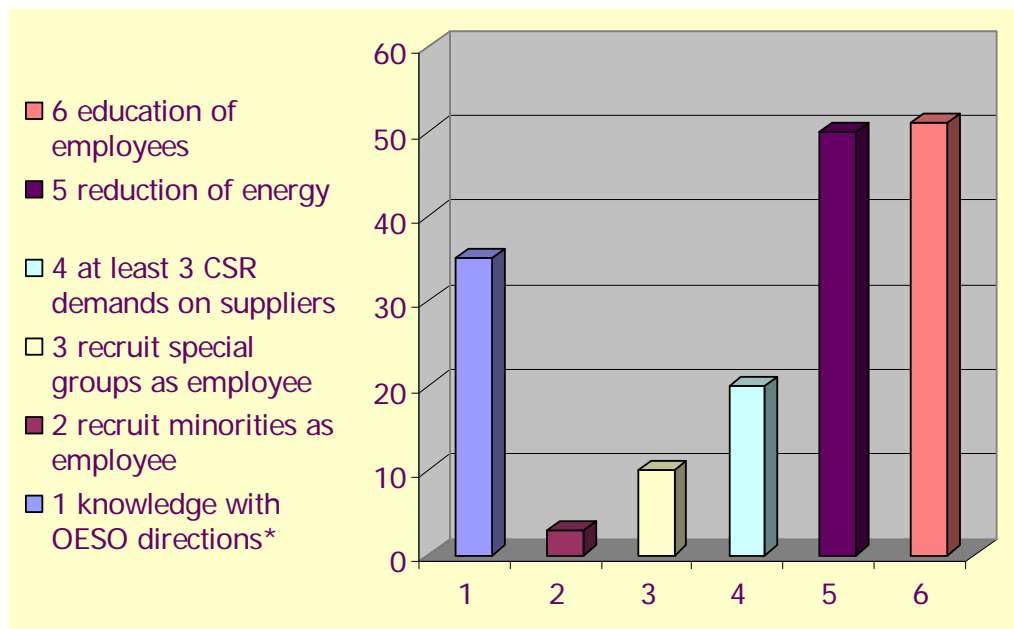
1.3. CSR Overview

1.3.1. CSR Situation in the Country

In 2003 12% of the 300 inquired enterprises are working with CSR on three or more of the subjects as mentioned here:

CSR is measurable in a wide range of activities. Some of them are discussed as:

- Special policy on education of employees;
- Special policy on recruiting women, re-integration or handicapped people;
- Special policy on recruiting minorities and refugees (this beside the legislation that gives obligations for it);
- Policy in reducing using energy;
- Making several demands to subcontractors;
- Knowledge in enterprises with OECD directions with investments and demands on suppliers.



* Only 10 of the enterprises are known with OECD-rules. These are only those enterprises that invest in or supply from developing countries.

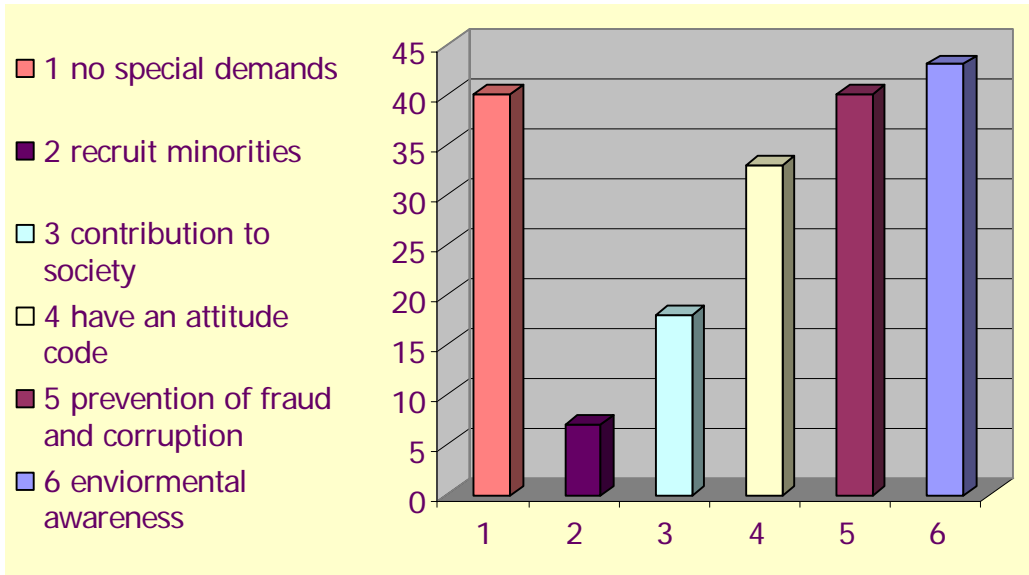
Enterprises Policy on CSR

50% Percent of all Dutch enterprises have a specific policy on training and educating the own employees; this mostly involves professional and employability training. Besides focusing on their own employees, they also facilitate in educating students by p.e. internships.

Enterprises mentioned also care for their own staff as a part of CSR. This in offering their staff recreational and fitness activities.

Co-operation with police and government in safety of the enterprise is called CSR by the enterprises.

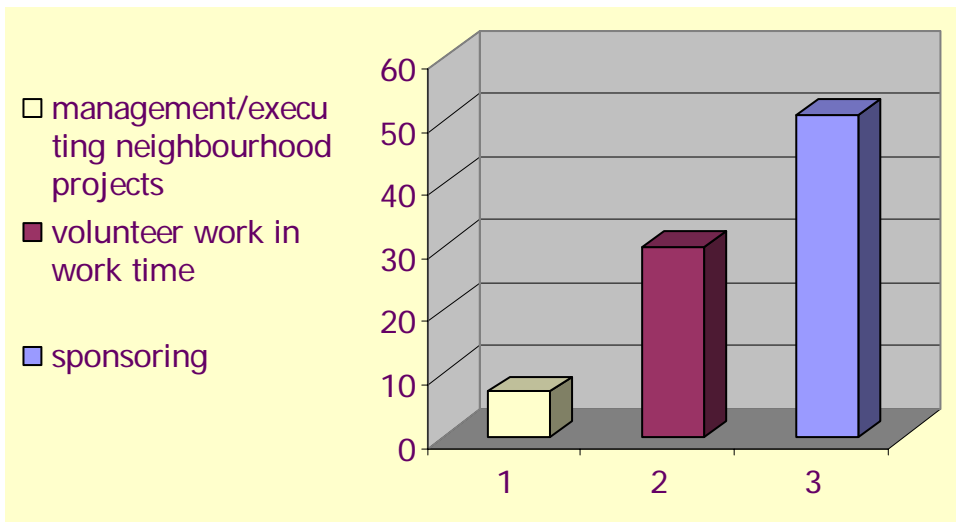
Contribution to society, like sponsoring of organisations and social programs is in 50% of the companies present. Concrete activities for society are only done by big companies.



CSR and their Contribution to Social Commitment:

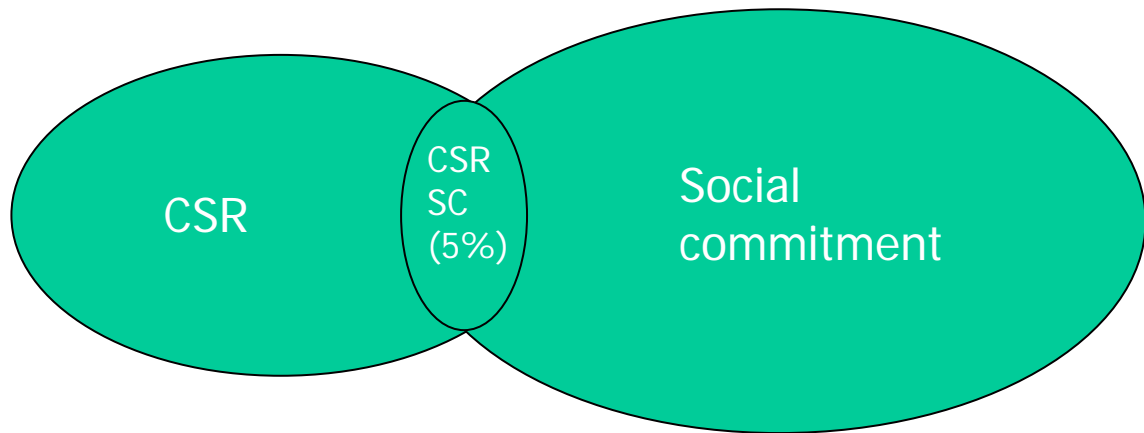
In the subjoined figure the main CSR-activities are made visible. Sponsoring seems one of the most important features of CSR. More than 50% of the Dutch enterprises support organisations. With big and medium size enterprises the percentage is much higher, about 75%.

For the greater part enterprises spend, at best, 1 % of the turnover on sponsoring.



The Rate of CSR and Social Commitment in Enterprises in Percentage of all Dutch Enterprises:

As mentioned in paragraph 1.2 the ministry of economic affairs holds a difference between CSR and social commitment. Only 5% of the enterprises is engaged in CSR as well as in social commitment. In total that's around 38.000 enterprises.

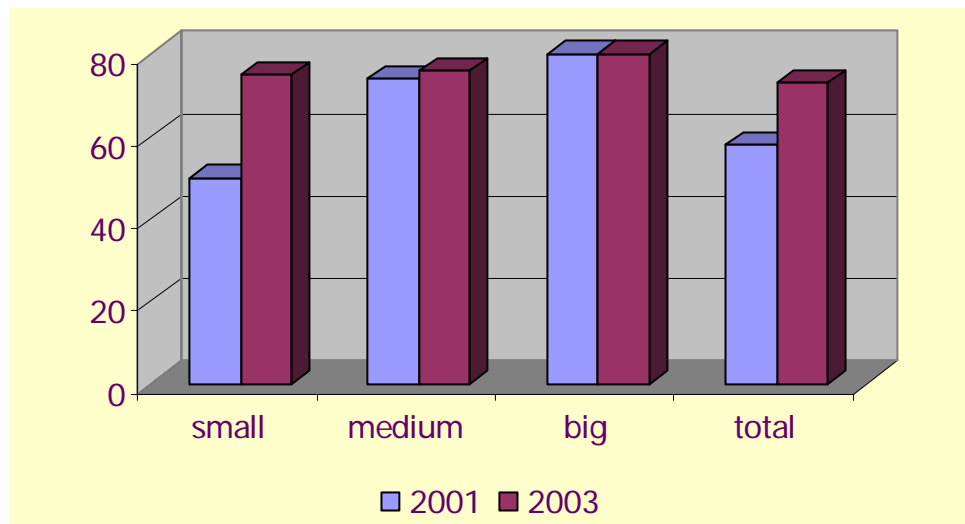


Number of Enterprises Working with a CSR Policy

Of all enterprises in The Netherlands, in only 15% does CSR play an important role. In more than 33% of the enterprises CSR plays a small role in the policy. 28% of the enterprises declared that CSR hardly plays a role in their enterprise. Although 72% thinks that they are working on CSR. A reason for this is that enterprises don't make a difference between CSR and social commitment.

All together it's a big growth in comparison with 2001, when just 51% was working with CSR.

The small enterprises take the biggest account for this growth.



1.3.2. Main Facts Related to CSR Occurred in 2003

The most important fact that occurred in 2003 was the publication of the 'corporate governance code' by the committee Tabaksblatt (December 2003). More about that in chapter 2.

There also were a few campaigns on CSR concerning childlabour, better work conditions and human rights.

A few subjects on this matter are:

- February 2003: Banks stop financing projects in Burma because of the violation of human rights;
- April 2003: Multiple organizations start the 'coffeecoalition', to improve the work conditions at the coffee-plantation;

- ⦿ Possible involvement of an enterprise in childlabour;
- ⦿ Etc.

Some other facts are:

- ⦿ April 2003: The Ministry of Economic affairs starts a knowledge-centre CSR;
- ⦿ August 2003: The research-results on the advantages and the disadvantages of benchmarking in relation to CSR were published (University of Tilburg);
- ⦿ August 2003: New UN-norms on CSR were published;
- ⦿ September 2003: CSR was taken in to the budget of 2004 of the Ministry of Economic affairs.



1.3.3. Expected CSR Trends

According to facts and numbers of the European Union, The Netherlands are one of the countries most involved with CSR.

One of the things the ministry of economic affairs would like to happen is that enterprises get more open about CSR in the company. In 2003 just 35% of the big enterprises reported about it. The planning is to make a yearly increase of 2 percent in this matter.

Just 25% of the enterprises informs its own employees that it is working on CSR, and nearly two third of the enterprises doesn't have any sort of external communication on the subject of CSR. When enterprises do inform about CSR, this mostly happens by clients, subcontractors and mouth to mouth publicity. Brochures and the internet do also play a role.

For the enterprises changes in society and discussions about norms and values are the main reason why over 30% thinks that CSR will get more important in the future. In comparison with 2001 this expectation has decreased substantially (from 50% tot 30% in 2003).

Smaller enterprises less frequently foresee an increase of the importance of CSR in the nearby future than big enterprises do. They see the economical situation as the reason why the budget for CSR shall not expand.

CHAPTER 2. BUSINESS ETHICS

2.1. Use of Written Statements

2.1.1. Mission, Vision and Values

Every enterprise or organization in The Netherlands has a mission, a vision and values. Most of the time these are combined with the strategy and policy of an enterprise.

All of the above can be found in the annual rapport, which has to be made by the enterprise every year and has to be deposited and made public at the commercial register.

The main part of the annual report is the annual account. This account comprises the balance of trade, the account of the profit and the loss and the explanation. Besides that, other subjects in the annual account are a report on the state of affairs of the financial year and the things to expect for the future.

The annual account has to be verified by an register accountant.

(The legal base for this in the second book of the Civil Law.)

(In most cases, besides the annual report, the enterprises also brings out an environmental and a social report at the same time as the annual report.)

The mission, vision and values can also be found on the websites of the enterprises.

There are many websites on which the annual reports can be found, as well as the environmental and the social report.

Some subject which are found in the mission, vision and values are:

Mission and vision:

- Innovation;
- Satisfying needs of clients;
- Guarantee safety of people and products;
- Professional;
- Educating and developing the employees;
- Continuity of the enterprise;
- Investing in knowledge and service;
- Making a stable basis;
- Making profit;
- Contributing significantly;
- CSR and transparency.

Values:

- Quality;
- Integrity;
- Respect;
- Leadership;
- Working together;
- Sharing knowledge;
- Creativity;
- Caring for people;
- Being involved.

There's definitely a big role for CSR in the missions, visions and values in the Dutch enterprises, organization, NGOs etc.



2.2. Corporate Governance

According to the 'Corporate Governance Committee; 2003' good corporate governance essentially revolves around efficient supervision of the management board and a balanced distribution of influence and power between the management board, the supervisory board and the general meeting of shareholders. The term 'checks and balances' is central in this definition. The external auditor plays an important role in the supervision and assists the supervisory board which, in turn, operates on behalf of the shareholders and other stakeholders.

2.2.1. History

The Ministry of Finance, the Ministry of Justice and the Ministry of Economic affairs work together to improve the corporate governance by changing the laws and legislation.

1996

In 1996 the discussion about corporate governance was opened by the first 'Committee Corporate Governance', the 'Committee Peters'. This committee was established by the stock market and the economic life. The committee published a report with 40 recommendations for the management board of a company, for the supervisory board and for the shareholders and accountants.

This report was the reason for the government to initiate new policy.

The policy initiatives can be classified in three groups:

1. Increasing the transparency of the known company-facts; such as improving the way to compare financial reports by stock market listed ventures;
2. Increasing the justification of the management board and the supervisory board concerning the functioning and the policy of the venture. The government suggests to change the structure regime. This regime makes that a supervisory board member at big enterprises monitors the management board;
3. Intensifying the influence and the protection of shareholders.

2002

In 2002 the idea was raised to modernise and intensify the report of the committee Peters. In this new report the recommendations of the 'High Level Group of Company Law Experts' (*A Modern Regulatory Framework for Company Law in Europe*) should be taken into account. These recommendations concern, among other things, the remuneration of the management board and the independence of the members of the supervisory board. Beside that, it is brought forward that every state should have a national code about corporate governance to which stock market listed ventures are held.

It could happen that a shareholder has so many shares that he has the control over the corporation. Every EU-state, at the time, had legislation that obliged the shareholder in that situation to do an offer on all the shares, except The Netherlands.

The Dutch Foundation of Corporate Governance evaluated the recommendations of the 'Committee Peters' in 2002. As a result of that can be ascertained that there had been a lot of progression in the preceding 5 years, but that there is still a lot to be done in terms of improvement.

2003

On the 10th March 2003 a second 'Corporate Governance Committee', 'Committee Tabaksblat' was established. The central question for the committee was whether the checks and balances within the corporate governance structure of Dutch companies are well-functioning. They had to renew the code of best practice before the end of 2003.

The purpose of this code is to provide a guide for listed companies in improving their governance. Compliance is intended to boost confidence in the good and responsible management of companies. The perspective of the capital markets is therefore central; in other words, the relationship between listed companies and providers of the capital, without detracting from the position of other stakeholders such as employees. This perspective also means that the subject of CSR does not form a part of the renewed code. After all, this subject is not tied to a national corporate structure and

extends way beyond the development of a new code for the functioning of Dutch companies in the capital market.

There are some parameters to this renewed code:

- ④ The new code should be principle-based, not rule-based: it is the spirit and not the letter of the rule which is important;
- ④ The code must be in keeping with international developments;
- ④ The code should be primarily focus on listed companies, in particular on management board members, supervisory board members, shareholders and the general meeting of shareholders;
- ④ When drafting the code, one should nevertheless be aware of its effect on non-listed companies and possible impact on case law;
- ④ The code should not include rules specifically intended for the practice of a particular profession or other codes of recommendations intended for companies. As regards CSR various codes of conduct have been or are being developed internationally for this purpose (GRI, OECD, etc.);
- ④ For the purpose of compliance, the code should be designed in such a way that adequate supervision of compliance is possible.

The subjects covered by the new committee's terms of reference:

- ④ The position of the individual supervisory board member and the functioning of the supervisory board (independence, expertise, procedure, recruitment, term of office, multiple supervisory board memberships, remuneration, committees and the provision of internal and external information);
- ④ The actual exercise of the rights of shareholders and the functioning of the general meeting of shareholders (provision of information, rules governing the general meeting of the shareholders, treatment of minority and majority shareholders, conflicts of interest, role and functioning of institutional investors, the manner and frequency of the provision of information to investors, remote voting and electronic voting);
- ④ The functioning of the management board (relationship with the supervisory board, audit committee, appointment of auditor) with the auditor, as well as the role of the auditor;
- ④ Transparency about corporate governance rules in practice;
- ④ Monitoring the functioning of a code in practice (e.g. transparency in terms of compliance and reasons fore non-compliance, organisation of the monitoring).

On the 9th December 2003 the Committee published the definite version of the code; *'The Dutch corporate governance code – principles of good corporate governance and best practice provisions'*.

he code is one step forwards restoring the public's trust and confidence in the honesty, integrity and transparency of the management and operation of Dutch listed companies.

The legislator also has an important contribution to make. In some cases the legislation required to redress the balance between the corporate bodies is absent, whereas in other cases existing legal rules actually obstruct this. The committee's opinion, legislation in the field of: anti-takeover measures; facilitation of proxy voting; and cross-border voting are of the greatest importance to achieve more robust and rigorous 'checks and balances' within Dutch companies.

What is also necessary is a fundamental change in attitude among may institutional investors, who should make much more extensive use of their shareholders rights to take corrective action.

The government has created a legal base for the definitive corporate governance code and the enforcement of compliance with the code by means of the "comply or explain" rule as proposed by the committee. By means of an Order in Counsel the corporate governance code can be designated as a code of conduct to which companies must make reference in their annual report, while indicating to what extends their organisation is in compliance with the principles and the best practice principles of the code.

Several best practice provisions have been enshrined in law: the power of the general meeting of shareholders to adopt the remuneration policy and the supervisory board's remuneration and the right of the general meeting of shareholders to approve share and option schemes for management board members.



2004

On the 1st March 2004 the cabinet sent their reaction to the corporate governance code to the Parliament. The cabinet decided to take over almost every recommendation of the committee:

- ⊙ the recommendation about the “comply or explain” rule;
- ⊙ the external auditor can be present at the shareholders’ meeting and has the right to speak;
- ⊙ institutional investors (pension funds, banks, insurers and investment institutions) are obliged to formulate a policy with regard to the control rights to the shares they have of listed corporations;
- ⊙ for the members of the management board of a LTD a commission of max. 4 years (with the possibility of re-commission) will be legally facilitated;
- ⊙ remote voting and voting at authorisation for shareholders will be made easier;
- ⊙ the cabinet is starting research on management-prohibition for members of the management board who committed financial-economical crimes;
- ⊙ the cabinet decided to drop the choice-regime on the taxes concerning the options of the employees and the salary-tax;
- ⊙ a more sober guideline for the discharging remuneration of the members of the management board and employees, when going to court, will be developed.

The code of corporate governance became effective at the 1st January 2004, and will be applied for the first time to the financial year of 2004.

2.3. Accountability

2.3.1. Financial Reports and Auditing

See chapter 2 paragraph 1.1.

2.3.2. CSR Reports and Auditing

It isn’t obliged to make an annual CSR report, but many (mostly big) enterprises do. There also aren’t any standards and there is no unambiguous framework of norms. But it’s a common thought that enterprises should be more transparent about CSR through a CSR report.

According to some researchers strict rules concerning CSR and reporting about CSR, should be developed. The CSR report should be verified by a register accountant in the same way as the financial report. Before that, the register accountant has to learn more about the three P’s (people, planet and profit) and has to help in developing the framework of norms.

But the condition is that there will be a strict separation between controlling and advising.

At this moment there isn’t a unambiguous framework of norms, but there are many frameworks concerning CSR that could be used; like SA 8000, the Sustainability ScoreCard, AA 1000, ISO 14001, the EFQM-management model and Global Reporting Initiative (GRI) probably the most important framework.

At www.corporateregister.com we found 172 reports of Dutch enterprises.

2.3.3. CSR Related Certifications

At this moment there is no institute or organization which keeps track of all the certifications in The Netherlands. But many enterprises do have certifications, like ISO, EMAS, OHSAS and SA, on many subjects.

The NEN, the Dutch standardisation institute, consider to list the certifications.

There are about 56 accredited certification institutions in The Netherlands. These institutions, when accredited, can certify enterprises by the means of the standards mentioned above.

2.3.4. CSR Toolkits

The 'OECD Guidelines for Multinational Enterprises; A critical starterkit for NGOs' is the only CSR toolkit mentioned by the ministry of economic affairs. It's publicised in 2002 by the Friends of the Earth Netherlands (Milieudefensie) to explain what the OECD Guidelines are. It also hopes to explore to what extend and at what time these Guidelines can be used to call multinational enterprises to the order that are polluting the environment, maltreating their employees, engaging in bribery or tax-evasion, disrespecting human rights or otherwise inhibiting what is called sustainable development.

The starterkit tries to explore the possibilities for non governmental organisations, trade unions, community organisations and others to use the Guidelines.

CHAPTER 3. SOCIAL RESPONSIBILITY



A – INTERNAL DIMENSION

3.1. Human Resources Management

3.1.2. Lifelong Training

When children are 5 years old they are legally obliged to go to school. They have to go to school till they are 16 years old. Of that age they can stop their education, although many don't and continuing studying.

This education is the base for lifelong training. Therefore it's very important that everyone gets a diploma or a start-qualification and that dropping out of school is discouraged.

According to the government training doesn't stop at the door of the school. In this era knowledge keeps changing and is becoming rapidly outdated. We live in an era in which knowledge and products become obsolete more rapidly and in which working-methods change rapidly. This means that everyone must be able to learn new things and skills. Learning becomes a component of life and work. People should be permanent usable in the working process: that means employability for everyone.

The government is promoting this and makes the policy and the conditions for it. She makes rules to stimulate learning, she informs, she raises the awareness of people about their own responsibility of lifelong training and she makes fiscal facilities for education.

The government concentrates on three main groups:

- The working: During the working-life, the responsibility for lifelong training lies at employees and employers. Together they have to take the initiative for following courses, an educational route, for learning on the job or an interesting and daring job. CAO⁵-partners make common agreement on this matter. The government takes some general measures for this group to stimulate learning. The government also gives information, advice and takes care for the recognition of what is learned,
- The working who do not have the possibilities to learn or don't get sufficient attention on learning; p.e. older employees, employees without start-qualification and flex workers. This so-called disadvantaged group needs extra care of the government; in the form of stimulating in participating in lifelong training;
- Jobseekers: They fall back on the safety-net of the social security. This safety-net can be changed into a trampoline with the help of learning possibilities. The government has to make some extra effort on this matter.

Besides social and socio-cultural developments the economic situation also is of influence on the interpretation of lifelong training.

3.1.2. Balance between Working and Private Life

A good balance between working and the private life is thought to be very important in The Netherlands.

The government, the Ministry of Social affairs and Employment, has made legislation about working and private life.

For many personal matters people can get free time and sometimes the government or the enterprise will give the employee an allowance. This is the case with p.e. holidays, leave of absence because of care, birth, parenthood, study or a course.

To help to combine work and private life and bring it into balance, there are some rules of absence in the Law Labour and Care. These rules apply p.e. to people that want to take care of their ill parent, their child, or if they want time for themselves.

⁵ CAO: Collective Labour Agreement.

In a couple of brochures and WebPages on the internet the Ministry of Social affairs and Employment gives information about all the subjects as mentioned above.

The average weekly working time is, according to the Dutch Union of Statistics, 30,2 (2002).

There is a percentage of 41,5 (2003) of women in the total workforce.

After the birth of the first child the percentage of women with a higher educational level that keeps on working is much higher (87%) than that of women with a lower educational level (50%). In both cases two-third of the women will work less hours.

When the children go to school, 6 out of 10 of the higher educated mothers will go working again, and 4 out of 10 of the lower educated mothers will do so.⁶

At the first of January 2005 a new law will take effect; the Law Basicprovision Childrens-daycare. With this law the daycare of children will no longer be paid just by the parents, and sometimes partially by the enterprise, but the government will give parents an allowance. The height of this allowance will depend on the income of the parents.

Since the first of February 2001 the Dutch can handle their days-off more flexible. They can p.e. buy free time from their employer or can offer their days-off to the employer in return for other working conditions. The days-off that people save up, will expire after 5 years.

3.1.3. Equal Opportunities

In 1975 a binding EU-guideline started to work. The Netherlands directly implemented this rule in their legislation: Unequal payment for men and women for the same work is forbidden.

In an investigation of the Inspection of Labour over the year 2000, the conclusion was made that women still earn less than men; 23% less in enterprises and 15% less at the government. This difference in remuneration should be corrected for a number of differences in function and personal characteristics. After this correction women still earn 5% less at enterprises and 3% at the government. This difference can be explained by sex-discrimination, but can also be caused by differences in the perspective of life. Many women interrupt their carrier to take care of their children, which can have a negative effect to the remuneration during the rest of their carrier. Besides this, women work at sectors and in jobs in which there is a possibility to combine work and childcare.

Nowadays the level of education of women is almost the same as that of men, but still the averaged hour-wage is lower than that of men. The difference is even bigger with the increase of the educational level. The reason for this is that women work at typical women-sectors and do women-labour. These jobs pay women less than their male colleagues; even in the beginning the start is unequal.

In The Netherlands many people work part-time. Most of the part-time workers are women. Officially full timers and part-timers should be paid equally for the same work over the same time. Concerning the basic wage, this is certainly the case; but bonuses are most of the time a problem. Part-timers often don't get a overtime-bonus and a irregularity-bonus, which they also should get.

Everyone who doesn't feel treated equally, can complain at the Committee Equal Treatment. This committee will then consider if the law concerning equal treatment is being violated.

3.1.4. Voluntary Social Protection Charges

In the Netherlands exists an extensive system of social security legislation.

Over the years the system has continually been the subject of political discussion. After all, society changes and so does the opinion of social legislation. Drastic changes were recently implemented and there is more to come. Generally speaking, the government tends to gradually diminish regulations, thus demanding a more active individual responsibility from citizens.

The social security system is financed from contributions and tax revenues. Its cost augments to about 30% of the national income.

Employees Insurance

Employees insurances are being paid for by employers as well as employees. The employer contributes the main part, the smaller employee's contribution is withheld every month from his salary.

⁶ Source: CBS: Dutch Union of Statistics.



There exist four employees insurances:

- The Sickness Benefits Act (ZW);
- The Disablement Benefits Act (WAO);
- The Unemployment Insurance Act (WW);
- The Health Insurance Act (ZFW).

The first three acts are implemented by the National Institute for Social Security (UWV).

The Health Insurance Act is implemented by the Health Insurance Funds.

The Employees Insurance Acts

The Sickness Benefits Act (ZW)

From March 1996 the Sickness Benefits Act has been mainly abolished. In case of sickness, the employer must continue to pay the salary of the employee (70% of the salary or more, depending on the stipulations in the collective labour agreement). The Sickness Benefits Act now serves as a safety net for people who do not or no longer have an employer and a few special circumstances (e.g. pregnant employees who become sick before or after their maternity leave of whom the sickness is related to their pregnancy, temporary workers without a permanent contract)

The Disablement Benefits Act (WAO)

When after one year the employee is still unable to work, he may be eligible for a disablement benefit. The duration and amount of the benefit depend on things such as age, degree of incapacity and last earned daily wage.

The Unemployment Insurance Act (WW)

If a person loses his job, he may be entitled to an unemployment benefit. The duration and the amount of this benefit depend on his employment record and his average income over the past six months.

The Health Insurance Act (ZFW)

The Health Insurance Act (ZFW) provides health insurance for employees whose salary does not exceed a certain limit. The partner and children of the employee are usually co-insured.

National Insurance Schemes

In the Netherlands there exist four national insurances:

- General Old Age Pensions Act (AOW)
- General Surviving Relatives Act (ANW)
- General Child Benefit Act (AKW)
- General Act on Exceptional Medical Expenses (AWBZ)

Contributions for national insurances schemes are based on income. The higher your income, the more you contribute. There is a limit to contributions however, just as there is to benefits. The contribution for the National Insurance schemes is collected by the tax authorities.

The first three acts are implemented by the Social Insurance Bank.

More information about these acts is available at Social Insurance Bank.

The AWBZ is implemented by the Health insurance funds and designated private health insurance companies. More information is available at the Health Care Insurance Board ([College voor zorgverzekering](#)), and the Association of Dutch Health Insurers ([Zorgverzekeraars Nederland](#)).

The National Insurance Acts

General Old Age Pensions Act (AOW)

This act provides an old age pension for all insured persons from the age of 65. For each year of residence in the Netherlands a person is entitled to 2% of the full pension. If a person has been

insured from his 15th to his 65th birthday, he is entitled to his full pension. A person's income or assets does not affect the rate of the benefit.

General Surviving Relatives Act (ANW)

The ANW governs entitlement to benefit for dependant children who lost one or both parents and surviving partners. To benefit from this act the deceased partner or parent must have been insured under the ANW on the date of his or her death. Whether the surviving partner is entitled to benefit is furthermore conditional on a few specific circumstances.

General Child Benefit Act (AKW)

This act offers benefit for parents who raise children up to the age of 18. The amount of the benefit depends on the age of the child and the size of the family (the latter does not apply to children born after 31 December 1994), the child's own income and his housing situation (does he live at home or not).

General Act on Exceptional Medical Expenses (AWBZ)

Under the AWBZ, the entire population of the Netherlands is insured for a number of health care provisions. This includes homecare and exceptional medical risks such as admission to a nursing home.

Social Provisions: Introduction

In the Netherlands there exist several social provisions:

- The Disablement Assistance Act for Handicapped Young Persons (Wajong)
- The Supplementary Benefits Act (TW)
- The National Assistance (WWB)
- The Act on Income Provisions for Older, Partially Disabled Unemployed Persons (IOAW)
- The Act on Income Provisions for Older, Partially Disabled, Formerly Self-employed Persons (IOAZ)
- The Disablement Provisions Act (WVG)

The first two acts are being implemented by the social security agency UWV. Municipal authorities implement the other acts.

Social Provisions: The Acts

Supplementary Benefits Act (TW)

The TW provides assistance to unemployed or disabled persons receiving benefit under the WW, WAZ, Wajong, WAO or ZW schemes. If the total income (including that of the partner) falls below the minimum guaranteed income this act provides a supplementary allowance up to the minimum guaranteed level.

National Assistance (WWB)

If a person cannot provide for himself because he is not entitled to a social security benefit, he can claim National Assistance, our most important social provision. National Assistance is always of a supplementary nature; any income in the household is supplement to the level of the applicable social minimum. Before a person can claim National Assistance, he must use his own assets.

Act on Income Provisions for Older or Partially Disabled, Formerly Unemployed Persons (IOAW)

The IOAW is intended to provide older and partially disabled persons who are unemployed an income at the minimum guaranteed level.

Act on Income Provisions for Older or Partially Disabled, Formerly Self-employed Persons (IOAZ)

The IOAZ is intended to provide older and partially disabled persons who were formerly self-employed a minimum guaranteed income.

Disablement Assistance Act for Handicapped Young Persons (Wajong)

The Wajong makes provision for a minimum benefit for young handicapped people.

Disablement Provisions Act (WVG)

Another social provision is the Disablement Provisions Act, on the grounds of which a municipality must ensure that handicapped persons have certain provisions such as additions to their home and provisions for transportation.



3.2. Health and Safety at Work

Methodical attention for labour conditions is rising in The Netherlands. The reason is an increasing awareness of the importance of it and some changes in the Law of Labour Conditions. This law obliges the employer to guarantee a methodical and preventive attention on labour conditions in the business policy. When making its business policy, the employer has to guarantee the security, the well-being and the health of the employee.

The government is only directing at distance. Besides that it has the role of controlling and sanctioning; like for example through intensive control by the Labour Inspection.

Furthermore, the improvement of the labour conditions is a important part of the fight against the absence through illness and the inability to work.

In the Civil Law (art. 658 of book 7) it says the employer has to make provisions for those employees aren't harmed during their work. When the employer doesn't make up for this obligation and the employee suffers harm, the employer has to compensate for this harm.

This law is made more specific in the Law of Labour Conditions.

One of the main aspects of this law is that every employer is obliged to make an inventory of risk and they have to evaluate it. This inventory and the evaluating is the way to survey the central points of the labour conditions at an enterprise. By working methodically man can see how an enterprise is doing with health, security and the well-being of it's employees, and where and how to make improvements on it, which can then lead to better labour conditions.

Better labour conditions lead to less absence through illness, less accidents and to better motivated employees.

3.3. Adaptation to Change

Since 2001 it's not going economically well in The Netherlands. At this moment there's a recession going on with all its consequences.

Unemployment has risen to 4,8% in May 2004, the number of vacancies has decreased (at this moment it is stable), the number of enterprises that go bankrupt has increased and the government has to cut down expenses.

The overall economical decrease in 2003 was 0,8%.

According to the Netherlands Bureau for Economic Policy Analysis (Centraal Plan Bureau) The Netherlands is getting out of the recession and will have an economical growth of 1,25% in 2004 and 1,5% in 2005; a small recovery.

But still the government has to take some measures to work on the threat of a budgetary deficit.

The private consumption in 2003 decreased with 1,3%, mostly because wages don't increase, pension premiums are higher, the expenses weighted and unemployment is increasing.

The inflation of 2004, July 2004, is 1,7%. It is expected to slow down to 0,75% in 2005, because of the value-increase of the euro, the decrease of the growth of labour costs and the ever decreasing prices at supermarkets.

B - EXTERNAL DIMENSION

3.4. Local Communities

3.4.1. Sponsoring

Many Dutch enterprises and organisations sponsor foundations, sport, social and cultural activities financially or in kind. Many enterprises do see sponsoring as an important part of CSR and when doing so they think of their enterprise as a CSR-enterprise.

On the website 'sponsor-online' the latest sponsor-news and background information about sponsoring can be found. This website is run by the editor of Sponsor Magazine, which is The Netherlands first and only specialist journal for sponsoring and brand experience.

Every year this magazine has an award for the best sponsor-projects of the year on culture and entertainment, art, society, media and sport.

Public collections are common as well. These collections are made for p.e. foundations as the Heart-foundation, the Rheumatism-foundation, Cancer-foundation, and all kind of sport events and to collect money to help defeat crises in third world countries.

Permanent public donation, p.e. in the form of a membership of a foundation, is very common as well; p.e. the WWF, Novib, UNICEF, etc.

3.4.2. Corporate Volunteering

The definition of corporate volunteering is: Volunteering of an employee actively stimulated and facilitated by the employer through p.e. putting working hours at disposal.

Because of the knowledge of the successful concepts as Corporate Community Involvement and Corporate Volunteering in England and the USA, companies in The Netherlands are now more willing to give corporate volunteering a chance.

Companies support associations, foundations and social initiatives with people, knowledge, networks, commodities and money.

Corporate volunteering makes employees feel proud about the company they are working at and they are more involved with the company and social activities. This stimulates the motivation and for this reason employees would like to stay working at their company. Corporate volunteering gives employees a chance to work on a new area and to develop new skills. It brings them in contact with aspects of society that they possibly didn't know before. Employees will learn new skills, competences, standards and values.

Besides that it's good for the image of the enterprise. It's a good combination of idealism and self-interest, with advantages for the company, the employees and the society.

3.5. Business Partners, Suppliers and Consumers

3.5.1. Development of Long Term Partnership

The Netherlands have many long term partnerships and business associations.

Working together in comakership and ESI, are common forms of long term partnerships. Besides that outsourcing and contract production are common.

3.5.2. Supply Chain Ethical Control

In The Netherlands there is an organisation called 'Transparency International The Netherlands', this organisation is a part of the worldwide organisation Transparency international (www.transparency.org). The aim of this NGO is to increase the responsibility of the government and stop international and national corruption. 'Transparency International' exist from several regional organisations.



According to the International Corruption Index (2002) compiled by 'Transparency International', The Netherlands is one of the 'cleanest' countries in the world (together with the UK, New Zealand, The Scandinavian countries, Canada and Singapore). This doesn't mean that corruption isn't a problem in Holland. There are many Dutch multinational enterprises working in eastern Europe and many developing countries. The staff of these enterprises is confronted at those countries with threats of extortion and bribery.

For the year 2000 the most important activity of the organisation was the ratification of the OECD-treaty by the States General of Holland. The main subject of this treaty is the fight against bribery and corruption.

On the 13th of December 2000 the treaty was ratified and from January 2002 fraud and corruption abroad can be punished.

3.5.3. Responsible Marketing

There is a growing attention for responsible marketing and the long term effects of marketing on the society. The production and the marketing of a product could do harm to the society. Therefore entrepreneurs have to take the effect of certain marketing-activities into account; like the effect on specific groups in society, social problems (p.e. the environment) and the vision of lobbies.

Industries like the tobacco, alcohol, food and washing-powder industry work with the concept of responsible marketing. This means that the tobacco-industry only aims at grownups in their advertisement and marketing-activities, and do that in a way that isn't misleading about the risks of smoking. They even join the activities in discouraging adolescents to start smoking.

3.5.4. Design for All

There's a awful lot organised in The Netherlands. This is also the case at the subject of rules, rights and duties for handicapped people and people with a chronic illness. There are many organizations which provide services to all sorts of groups.

Subjoined we list a few of the things that are organised for this particular group.

Disabled for work: wage

- Salary when ill;
- Extra charge on low payment;
- Disabled for work from childhood.

Financial support

- Exclusive support;
- Fiscal deduction of exclusive expenses;
- Extra money for a handicapped child;
- Individual fund support.

Education

- Special education;
- Handicapped and going to a regular school;
- Studying with a handicap;
- In-service training;
- Transport to school and back.

Work

- Working when disabled for work;
- Starting a own company;
- Medical inspection;
- Working at the Social Working-service.

Living

- Buying a house;
- Facilities in the bathroom;
- Rental allowance;
- Adjustments.

Mobility

- Public transport;
- Parking with a handicap;
- Wheelchair;
- Special transport;
- Transport to and back from work;
- Driving.

Care

- Individual budget for care and nursing;
- Homecare.

3.6. Human Rights

The Netherlands is participant in the UDHR (Universal Declaration of Human Rights; 1948), the UN, Amnesty International, UNICEF, etc. And there are a lot of Dutch organisations concerning human rights in all of its forms.

It's prohibited in The Netherlands to use child labour since 1874. According to this rule children fewer than 15 aren't allowed to work and have to go to school.

Slavery is also prohibited in The Netherlands.

3.7. Social Labels and Fair Trade Initiatives

There are two big fair trade labels in The Netherlands; Max Havelaar and the business label of the fair trade organization.

Max Havelaar label

The Max Havelaar label is the only independent guarantee that producers in the developing countries get an honest price for their products. These prices enable them to invest in quality and allows them to work on a better future. The label was founded in 1988 and can be found on coffee, bananas, tea, orange and fruit, juice, honey and cocoa. These products are sold at, almost, every supermarket and fair trade store.

With 16 other countries Max Havelaar now has founded the coordinating organization 'Fairtrade Labelling Organization International' (FLO), which is settled in Bonn (Germany).

The turnover of coffee with the Max Havelaar label for consumer purpose has increased 3% in 2003. For bananas the rate is even higher; 30%.

Business label of the fair trade organization; Fair Trade

The business label of the fair trade organization can be found on more than 3000 products, such as accessories, toy, jewels, chocolate, coffee, wine and groceries. They are products of high quality, imported on the basis of honest trade. The products are originating from approximately 90 counterpart organisations from 30 countries in Latin America, Africa and Asia.

In 1959 a group of young people established the foundation S.O.S. (support underdeveloped regions). S.O.S. sent milk powder to Sicily and money to the third world. Eight years later the foundation introduced a new form of the development project: the fair trade. The principles of the fair trade were developed in the years afterwards and the name was changed in to S.O.S. Worldtrade.

A milestone was the introduction of pure coffee in 1973 and soon it made half of the turnover.

In 1994 the organization introduced the trademark 'Fair Trade'. Under this label more than 3000 products from the third world, bought according to the strict criteria of the fair trade, are sold.

Fair trade is the first label that provides, on this scale, products from the third world.

Besides the fair trade label there are some behavioural codes made for the different types of industry; like the food, the textile and the flower industry. In these codes are rules for how to buy and under which conditions; without making a label. Some enterprises want to do this by them selves, without help and advice. This is especially wanted by bigger enterprises. The Fair Trades Organization has some critical remarks about this development. They would like to know how it will be possible to make an independent check.

The behavioural code for textile is mostly about improving the labour conditions. In this kind of industry they've chosen for a practical approach, without the making of a (theoretical) set of rules for a label.

This is the same for the behavioural code for the flower industry. In this industry agreements on the environment are being made.

At this moment a third big label is under construction. Two of the biggest enterprises concerning with coffee, Douwe Egberts and Albert Heijn, are developing a label in which rules for suppliers are registered. This rule first was an internal rule for the buying department of the enterprises. The label shall be called 'Utz Kapeh'.

The problem with this label, according to the Fair Trade Organization, is that no agreements on the prices and how to trade, are being made. This certainly is the case at the Max Havelaar label.

Besides these two labels, there are some 34 other, smaller, labels (See appendix.)



CHAPTER 4. ENVIRONMENTAL RESPONSIBILITY

4.1. Management of Environmental Impacts and Natural Resources

The Dutch environmental-policy is to work towards sustainable development. There has been a lot developed on this matter but still some problems aren't solved yet.

There are five main subjects in the environmental-policy:

- 🌱 To maintain strict environmental-rules in order that gained successes in the environmental-policy aren't lost again;
- 🌱 To solve three persistent environmental-problems; the greenhouse-effect, the sour-rain and sound-pollution;
- 🌱 To see the consequences of environmental-problems in a longer period of time;
- 🌱 To work towards a better international collaboration in the approach of environmental-problems; the Dutch environmental-policy is therefore thoroughly intercalated in the European environmental-policy;
- 🌱 Making citizens and companies more involved in solving the problems.

4.1.1. Minimizing Environmental Impact

The Dutch consumers can turn in paper, glass, Green, Fruit & Garden-garbage (GFT) and small chemical waste separately for recycling. A little deposit for bottles is a extra stimulant to hand in the bottles and crates. In supermarket people have to pay for a plastic bag, and therefore many people use old bags instead. Further on, the consumer has to pay a disposal contribution for cars and domestics devises, with which recycling is paid.

The industry is also bound to strict agreements for the processing of waste. Enterprises have to stick to the so-called packing-agreement, so that the cardboard and plastic packing of goods are collected separately. Besides that the different branches of industry have made agreements concerning the processing of waste and CFK's are forbidden.

4.1.2. Product Lifecycle Approach

Many enterprises are familiar with the product lifecycle approach and work with it.

4.1.3. Eco-Labels⁷

There are 39 different Eco-products available in The Netherlands, produced in 10 different countries.

Three product are produced in The Netherlands, only by 1 company; Dalli Benelux B.V. This enterprise makes detergents for hand washing, washing and laundry.

4.1.4. Savings in Natural Resources Consumption

In the 4th environmental plan of 2001 the emphasis still is on the quality of the environment. In this report it is said that The Netherlands wants to make a more sustainable system by making system changes or transitions. These transitions has to be fully realised in 2030 and concern:

- 🌱 the transition to a sustainable energy supply;
- 🌱 the transition to a sustainable mobility;
- 🌱 the transition to sustainable agriculture;
- 🌱 the transition to protection of the biodiversity and the sustainable use of natural resources;
- 🌱 Changes in the current consumption, the patterns of production and the accessibility to technology are necessary. This means also a social-economical change.

⁷ www.eco-label.com.

- At this moment there isn't a specific policy concerning overexploitation of the natural resources, and even the known facts aren't known;
- The General Audit office is doing an investigation concerning sustainable development on the subject 'natural resources'. The conclusions will be publicized in 2005.



4.2. Global Environmental Concerns

There's very strict legislation about global environmental concern in The Netherlands and there's a special ministry which is concerned with the environmental control.

A couple of laws are the Law environmental control, the Law environment threatening substances, the Law on pollution of the surface-water and the Law on nuclear power. In these laws rules, sanctions and permit possibilities on the matter of environment are regulated. When companies live by the rules a permits of either kind can be provided by the central and decentralised government.

The state has a strict and firm policy on environment. This policy and legislation not only restricts companies, but citizens as well.

4.3. Sustainability Development Practices

In 1987 the report '*Our common future*' by the UN, under authority of the Norwegian prim minister Brundtland, was published. In this report a clear connection between poverty, illiteracy, decreasing economic growth and environmental-problems, like the changing of the climate and the damage of the ozone layer, was made. A good environment is essential for the health and the safety of people.

The Brundtland-report made clear that a good environment only can be reached on a sustainable way of dealing with it.

The Dutch government has made sustainable development as her main action points. To maintain the natural sources and the biodiversity we have to care for nature and the environment.

At possible way of doing so is to use new sources of energy, sustainable energy. Examples of this form of energy are sun-energy, wind-energy and bio-energy.

CHAPTER 5. SOCIALLY RESPONSIBILITY INVESTMENT (SRI)⁸

Sustainable undertaking has worldwide experienced a big growth in the past ten years.

Companies that have a high standard of 'sustainability', have standards with respect to people, society and environment. These companies justify their efforts in these areas. And it's good to know that sustainable investments don't harm the output when compared to 'ordinary' investments and the stock-average.

All the big Dutch banks have one or more sustainable products of investment and the profit of these funds is increasing. These big banks follow the ASN Bank (since 1960) and the Triodosbank (founded in 1972), the oldest and best known banks on this matter. These two banks only offer sustainable products.

The report '*Our common Future*' of the Committee Brundlandt (1987) was the base for the growth of sustainable undertaking. The committee defined sustainability as a development that comes to the needs of the current generation without endangering the possibilities for future generations.

So there's not only attention and care for the environment and the responsible use of sources, there's also attention for the wellbeing of employees and the procedure at subcontractors in p.e. developing countries.

It is possible to invest only in 'green'; in a fund that focuses on the environment. Others funds focus on the wellbeing of people by p.e. collaboration in development countries (the so-called social-ethical investment-funds). In the most recent years funds that select on all aspects of sustainability have undergone the biggest growth. The criteria of these funds are being developed. The first funds excluded certain sort of companies, for example the industry of arms, the tobacco-industry etc. Later mostly positive criteria were being used; only companies that attracted attention in a positive way on social- and environmental grounds were selected. Nowadays both positive and negative criteria are being used. A still growing number of rating-agencies select and rate sustainable companies on behalf of financial organisations.

5.1. History on Socially Responsible Investment in The Netherlands

1960

It all started with ethical savings.

In its early days, savings - rather than investment - took predominance in SRI in the Netherlands. In 1960, the ASN Bank was founded, followed by the Triodos Bank in 1972. Both brought savings products to the Dutch market. They are still market leaders in the ethical savings sector.

1990

The first SRI funds.

Due to the Netherlands' long-standing tradition as a savings-oriented country, the first SRI fund — the ABF (translated as the "Other Investment Fund") — was not launched until 1991. Since that time, however, SRI has grown rapidly. At this moment, there are twelve SRI funds in the Netherlands.

1995

Green investing and savings as a tax incentive.

In 1995, the Dutch Tax Office introduced the 'Green Savings and Investment Plan'. This made green investment categories (such as wind energy, solar energy, and organic farming) very attractive to consumers. Since 1996 these savings and investments have grown to account for 50% of all socially-responsible savings funds and investments. With SRI the importance of shareholder engagement also gained ground. SRI funds and private investors did not only want to invest well, they also wanted to pose questions and raise their voices as shareholders. In 1995, institutional and private investors interested in social responsibility organised themselves as the VBDO (the Association of Investors for Sustainable Development).

⁸ Source: www.sricompass.org.



1995

Shareholder engagement takes off.

On behalf of its members, the VBDO in 1996 started raising questions about corporate responsibility at Royal Dutch Shell's annual shareholder meeting. In the years to follow, the VBDO visited numerous companies. This led to an increase in the number and quality of corporate sustainability reports.

1998

VBDO starts the National SRI Forum.

As the VBDO continued to organise socially responsible investors in the Netherlands, in 1998 it also created the National SRI Forum. In addition to sustainability reporting, the forum deals with issues such as market development, engagement strategies, and codes of conduct for SRI funds. As of 1999, Brooklyn Bridge has been organising on a yearly basis the "Triple Bottom Line Investing Conference". This international event gathers practitioners to share views and practices on SRI.

2000

SRI enters the mainstream.

SRI funds have continued to be successful, social awareness is on the rise, and socially responsible companies are projecting ever better long-term performance. As a result, pension funds have started showing a growing interest in SRI and are starting experimental portfolios and shareholder engagement.

2001

Spreading the word throughout Europe: start of Eurosif.

In early 2001, the European Sustainable and Responsible Investment Forum was founded. The VBDO was one of the founding members.

Volume and growth of the SRI market today.

At the end of 2000, more than Euro 4.5 billion in savings and investments had earned the seal of social responsibility, of which Euro 1.5 billion were investments. Since 1987, both these savings and investments have gained market share relative to total Dutch savings and investments: savings account for almost 2.5% of all savings and investments account for more than 1.2%.

2002

Two major trends for the future.

First is the growth in volume of SRI through institutional investors. Large financial institutions like Rabobank, ING, ABN-Amro and Fortis Bank have already stated that corporate responsibility is of great importance for their future. Also, large pension funds are expected to take greater involvement in SRI. Studies support a growth of up to Euro 45 billion during the coming five years. Second will be the growth of importance of shareholder engagement. Listed companies will be faced more and more with shareholders asking for a dialogue on corporate responsibility. This will be one of the most effective tools for shareholders to evaluate and influence company performance on CSR.

Since the first of January 2002 the tax collectors office has made 'green'-investment and social-ethical investment more profitable. An investor can not participate directly in a project, but can do so through a qualified finance company and investment company. This regulation has been approved by the EU in March 2004.

Top 3 Dutch Funds:

Name of the fund	Name of the asset management company	Asset under management (mln. €), as of 31/12/01	Fund typology
ABN AMRO Green Funds	ABN AMRO Asset Management	463.2	Fixed income
ASN Shares fund N.V.	SNS Asset Management	292	Fixed income
ING Bank Sustainable Output Fund	ING Fund Management B.V. and ING Bank Fondsen Beheer B.V.	254	Equity

Asset per country related to SRI Funds (domicile)

(mln EUR on 30 June 2003)

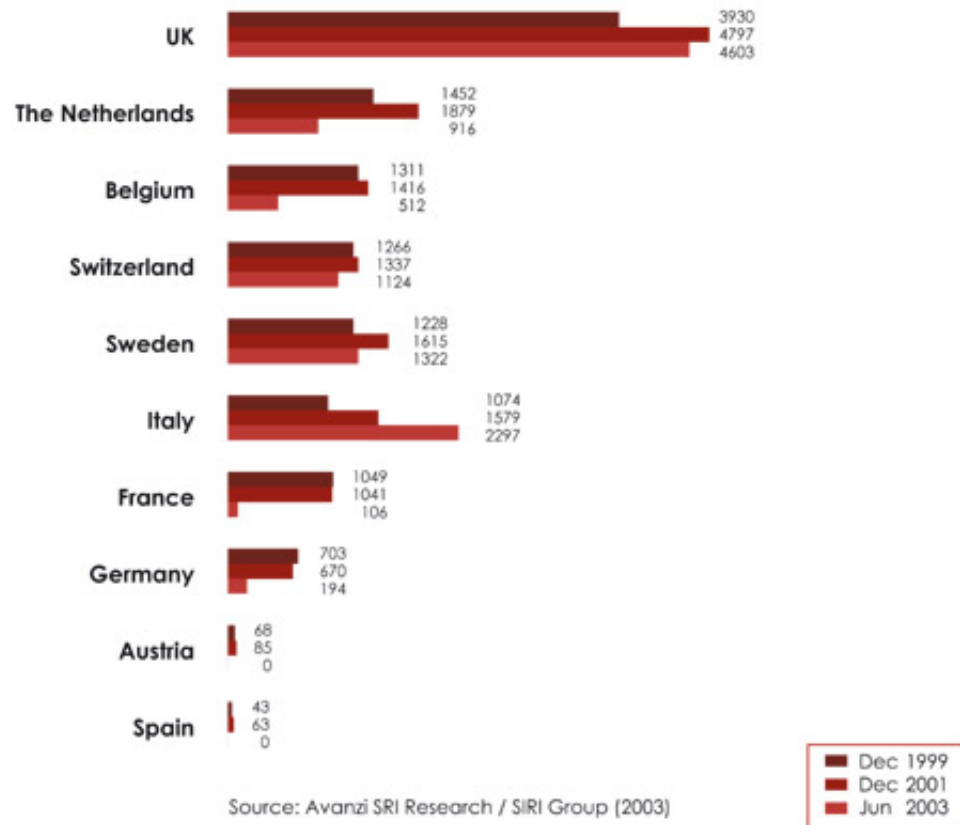


Figure: The size of green, social and ethical funds.

The average number of assets in green, social and ethical funds (already narrow in 2001 at €51 million) has further decreased to €46 million as a consequence of the increase in the number of available products and the reduction of the overall assets under management.

Comparing this to traditional funds, one can note that the average number of assets for equity and balanced funds is significantly lower than that for fixed income (bonds and money market) funds (€41 million, €45 million, and €93 million for equity, balanced and fixed income funds respectively).



Largest funds in Europe (on 30th June 2003)

Ranking June 2003	Ranking Dec. 2001	Asset management company	Name of the fund	Country of the mother company	Asset (million Euro)
1	1	ISIS Asset Management	Friends Provident Stewardship Growth Fund	United Kingdom	606
2	3	Framlington	Health Fund**	United Kingdom	595
3	4	ABN AMRO Asset Management	ABN AMRO Groen Fonds*	Netherlands	476
4	2	Sanpaolo-IMI Asset Management SGR	Sanpaolo Azionario Internazionale Etico	Italy	446
5	5	Sanpaolo-IMI Asset Management SGR	Sanpaolo Obbligazionario Etico	Italy	433
6	7	Dexia Asset Management	Dexia Sustainable European Balanced Medium	Belgium	347
7	new entry	Scottish Widows Unit Trust Mng	Scottish Widows Environmental Investor	United Kingdom	232
8	new entry	Triodos Fonds Management	Triodos Groenfonds*	Netherlands	228
9	6	UBS Asset Management	UBS (Lux) EF Eco Performance	Switzerland	212
10	new entry	Henderson Global Investors	NPI Pension Global Care Managed	United Kingdom	203

* The Dutch Groen Fonds are not fully comparable with traditional UCITS. These funds operate under a particular law and provide loans and credit to environmentally innovative projects.

** Framlington Health Fund, which is a specialised equity fund (healthcare), has been included since a few negative and positive screens are applied.

Source: Avanzi SRI Research / SRI Group (2003)

5.2. Ethical Funds⁹

The various ethical funds in The Netherlands:









1. ABF het andere beleggingsfonds webefo N.V.
2. ABN AMRO Sustainable World Fund
3. ABN AMRO Green Fund
4. ASN Share-fund N.V.
5. ASN Greenproject Fund
6. ASN Environment Fund
7. ASN Debenture Fund
8. ASN-Novib Fund
9. ING Bank Sustainable Output Fund
10. Postbank Sustainable Share-fund
11. Robeco Group Sustainable Share-fund N.V.
12. SNS Sustainable Share-fund
13. Triodos Geen Fund N.V.
14. Triodos Surplus Value Share-fund N.V.

⁹ www.sricompass.org.

15. Triodos Surplus Value Mix-fund N.V.
16. Triodos Surplus Value Debenture Fund N.V.

5.3. Companies Listed in Social Indexes

In The Netherlands there are a couple of systems to measure CSR:

-  The Dow Jones Sustainability Indexes (DJSI);
-  The Dow Jones STOXX Sustainability Index;
-  FTSE4Good Index;
-  The Domini 400 Social Index (DSI);
-  ASN-Trouw index;
-  Ethibel Sustainability Index;
-  ASPI Eurozone;
-  Business Ethics 100 (BE100).

All these indexes have an operational form, that often claims to measure sustainability in it's full extent. Other more regular indexes, which are also published by the same publishers as the sustainability indexes, are p.e. the Dow Jones Industrial Average, the S&P 500 and the Dutch AEX. The AEX is based on 24 (in 2002) Dutch funds. The sustainability index is a variation on the regular index, but it is difficult to measure sustainability in stead of p.e. determining if a company is European. Therefore assessment is being used. These assessments differ a lot from each other.

DJSI

Licensees in The Netherlands¹⁰:

1. Aegon
2. Rabo Bank
3. Theodoor Gilissen Bankiers
4. Dutch members DJSI World (April 2004)
5. ABN AMRO Holding
6. Aegon N.V.
7. DSM N.V.
8. Fortis N.V.
9. ING Groep N.V.
10. Koninklijke AHOLD n.v.
11. Koninklijke Philips Electronics N.V.
12. Reed Elsevier N.V. Cert.
13. Royal Dutch Petroleum Co.
14. Unilever N.V. CVA
15. VNU N.V.
16. Wereldhave N.V.

¹⁰ www.sustainability-indexes.com.



The Dow Jones STOXX Sustainability Index

The Dow Jones STOXX Sustainability Index has been launched in October 2001 by STOXX Ltd. together with the Dow Jones indexes and SAM Group. These indexes are based on the Dow Jones STOXX 600 Index and have the same methodology as the successful Dow Jones Sustainability Index.

1. ABN AMRO Holding
2. Aegon N.V.
3. DSM N.V.
4. Fortis N.V.
5. ING Groep N.V.
6. Royal Dutch Petroleum Co.
7. Koninklijke Philips Electronics N.V.
8. Unilever N.V.
9. VNU N.V.
10. Werelhave N.V.

FTSE4G

The FST4Good indexes have been launched in July 2001 and are developed by FTSE in association with EIRIS.

1. ABN AMRO
2. ASML
3. Aegon
4. Fortis
5. Heineken
6. ING
7. Royal Dutch Petroleum Co.
8. KPN
9. Koninklijke Philips Electronics N.V.
10. Reed Elsevier
11. Unilever

DSI

The DSI has been developed in May 1990 by KLD & Co. It was the first sustainability index in the world.

We did not gain entry on the DS 400 Index-website (www.kld.com/benchmarks/dsi). Therefore it wasn't possible to get the information we needed in this paragraph.

ASN-Trouw index

The ASN-Trouw index was developed in 1998, and originated from the ASN-Source index.

1. Arcadis
2. Buhrmann
3. DSM
4. Grontmij
5. Holland Colours
6. Ahold

7. Vendex/KBB
8. Océ
9. Pink Roccade
10. Randstad

Ethibel Sustainability Index

The Ethibel Sustainability index was launched in June 2002 by the Belgium Ethibel. The index has been compiled internationally and has got the S&P Global 1200 as benchmark.

1. Arcadis
2. Buhrmann
3. Getronics
4. Grontmij
5. Heineken
6. Holland Colours
7. ING
8. Océ
9. Samas Groep
10. Wegener
11. Wolters Kluwer

ASPI Eurozone

The ASPI Eurozone index was released in July 2001. It has been developed by ARESE SA in association with STOXX Limited. The index follows the financial performance of the leading sustainable entrepreneurs in Europe (using the Dow Jones EURO STOXXSM and the Dow Jones STOXX 600 as its framework).

1. ABN AMRO
2. Aegon
3. Royal Dutch Petroleum Co.
4. ING
5. Unilever
6. Vedior
7. Randstad
8. Wolters Kluwer
9. DSM
10. Numico
11. STMicroelectronic
12. Ahold
13. KPN
14. Akzo Nobel
15. Reed Elsevier
16. ASML
17. VNU
18. TPG

Business Ethics 100 (BE100).

We did not gain entry on the BE100-website (www.businessethics.com/100best). Therefore it wasn't possible to get the information we needed in this paragraph.



CHAPTER 6. CSR LEGAL FRAMEWORK

6.1. Health and Safety at Work

Methodical attention for labour conditions is rising in The Netherlands. The reason is an increasing awareness of the importance of it and some changes in the Law of Labour Conditions. This law obliges the employer to guarantee a methodical and preventive attention on labour conditions in the business policy. When making its business policy, the employer has to guarantee the security, the well-being and the health of the employee.

The government is only directing at distance. Besides that it has the role of controlling and sanctioning; like for example through intensive control by the Labour Inspection.

Furthermore, the improvement of the labour conditions is an important part of the fight against the absence through illness and the inability to work.

In the Civil Law (art. 658 of book 7) it says the employer has to make provisions for those employees aren't harmed during their work. When the employer doesn't make up for this obligation and the employee suffers harm, the employer has to compensate for this harm.

This law is made more specific in the Law of Labour Conditions.

One of the main aspects of this law is that every employer is obliged to make an inventory of risk and they have to evaluate it. This inventory and the evaluating is the way to survey the central points of the labour conditions at an enterprise. By working methodically man can see how an enterprise is doing with health, security and the well-being of its employees, and where and how to make improvements on it, which can then lead to better labour conditions.

Better labour conditions lead to less absence through illness, less accidents and to better motivated employees.

6.2. Social Audit Reports

We have no information about the existence of social audit reports.

6.3. Staff Training

As already mentioned in paragraph 5.1.1, the government stimulates learning and lifelong training.

Many enterprises and organisations work with a personal development plan (PDP) of their employees. This PDP helps employees to formulate their competences and the ones they want to work on. It helps the employee plan and manages his career and in this way stimulates him to learn and to develop.

The PDP is more than just a plan; it's a contract between the employee and the manager. The employee promises to develop himself in a particular way and the manager promises to support the employee in the agreements that have been made.

Companies that don't have a PDP, still supports employees in developing themselves. There are many courses and learning programs.

Currently the economy is bad and enterprises cut down expenses. The first things that they save on are training courses and the development of employees.

6.4. Protection of Women, Minorities and Disabled People

In article 1 of the Dutch constitution you can find the prohibition of discrimination. It says that everybody in The Netherlands should be treated equally. Discrimination on religion, philosophy of life, political point of view, race, gender or on whatever grounds, is forbidden.

Holland also has part in the European convention for the protection of human rights. In this convention article 14 is a prohibition of discrimination.



As a part of the European Union The Netherlands participate in the project 'EQUAL'. The goal of the project is creating equal chances and fighting discrimination on the labour market. 'EQUAL' fights discrimination on the basis of race, ethnic source, religion, philosophy of life, handicap, age or sexual preferences. There's also attention for the integration of asylum seekers on the labour market.

The regulation 'EQUAL' stated in 2000, and will end in 2006. It has been subdivided in two parts of three years each.

Besides this project, in the Dutch legislation women, minorities and disabled people 'suffer' a form of positive discrimination. Enterprises have to have a percentage of these groups working at the enterprise. When possible future employees apply for a job, it could be the case that someone of these groups get the job when two of the job-applicants are equally the same for the job.

Everybody who doesn't feel treated right can submit a complaint to the Commission Equal Treatment. This commission assesses if the Law Equal Treatment has been broken.

Besides this the commission recommends, among other things, the government concerning the equal treatment legislation; the implementation of 'research of own movement' (with no complaint submitted in advance); giving training, classes and information concerning the equal treatment legislation; giving lectures on national and international conferences.

6.5. SRI and Pension Funds

In The Netherlands there are a few legislations and regulations for surviving relatives and pensioners.

General Surviving Relatives Act (ANW)

The ANW governs entitlement to benefit for dependant children who lost one or both parents and surviving partners. To benefit from this act the deceased partner or parent must have been insured under the ANW on the date of his or her death. Whether the surviving partner is entitled to benefit is furthermore conditional on a few specific circumstances.

General Old Age Pensions Act (AOW)

The AOW-pension is a national insurance and everybody living in The Netherlands, on a legal base, has right to it when they turn 65.

This act provides an old age pension for all insured persons from the age of 65. For each year of residence in the Netherlands a person is entitled to 2% of the full pension. If a person has been insured from his 15th to his 65th birthday, he is entitled to his full pension. A persons income or assets does not effect the rate of the benefit.

It isn't common to work in The Netherlands when you have turned 65, then people retire. But when people still work after turning 65, they get both their income and their AOW-pension.

The height of the pension depends on the situation of the retired:

- a. Single
- b. Single parent
- c. Married or living together.

Ad a.

When you're single, you have the right on a AOW-pension which equals 70% of the net minimum wage.

Ad b.

When you're single and you have a child under 18, you have the right to a AOW-pension which equals 90% of the net minimum wage.

Ad c.

When you're married or living together, you have the right to a AOW-pension which equals 50% of the net minimum wage. Together with the partner you make 100%.

The pension is paid every month by the Social Insurance Bank. They deduct salary tax, some insurance premiums and health insurance (when insured by the Dutch National Health Service). In May people receive the AOW-holiday bonus.

Supplementary Pension

To count up on the AOW-pension, it's possible to build up your pension at the employer with a pension fund.

This supplementary pension and the AOW-pension can make up to 70% of the salary. 90% of the employees has the right to this supplementary pension. Women and men should be treated the same and also part-timers shouldn't be excluded.

An employer can place the pension at a company pension fund, a branch pension fund or a pension insurer. Some employers make their employees look after their own pension at a insurer. This is called an annuity insurance.

Usually the employer and the employee pay the premium together. The part of the employee is deducted on the gross wage.

There are two systems to come to the 70% of the salary:

- Final wage agreement: The pension is deducted from the last earned salary. The rises of the salary will be taking into account over the complete pension. With a moderate final wage agreement people look at the average salary over the last couple of years;
- Means remuneration regulation: The pension is deducted from the average salary of 40 years. You can make a supplementary pension of 70% till 80% of the average salary, bonuses and other extra charges are included.

CHAPTER 7. NATIONAL SUPPORT INITIATIVES ON CRS



7.1. Financial Support to Social and Environmental Certifications

When having a environmental certification enterprises can get financial support.

At this moment it is not possible to gain information about the number of SA 8000 certifications in The Netherlands; no organisation is keeping track of it.

7.2. Fiscal Exemptions on Donations

Donations are stimulated by the tax authority. Corporate and individual donations can be deducted. According to the law every contribution to Dutch religious, charitable, scientific, cultural, ideological organisations or to organisations with a general purpose, that is not obliged can be deducted. The minimum for deduction is a donation of a value of 1% of the total income of the tax-payer, with a minimum of 60 euro. The maximum for deduction is at a donation-total of 10% of the total income.

Since the first of January 2002 'green' and social-ethical investment is made more advantageously by the tax authority. A financier can not take part directly in a project, but can do this only through a qualified credit institution and investment institution.

This regulation has been approved by the EU in March 2004.

Private-owned companies and SME's in developing countries frequently find difficulties in obtaining the necessary finances for their projects; even though they are expected to be sufficiently profitable. The reason for this are the weak finance markets and political and economic instability in those countries. Because of this the risks of investment are bigger and therefore these investments are stimulated by the tax authority. Thus the business-life in developing countries gets an extra boost in a sustainable and justified manner.

7.3. CRS Awards

There are a couple of awards concerning CSR.

There are three big awards:

- The award of the Ministry of Agriculture, Environment and the Quality of food is a stimulating CSR-award. In 2004 the award shall be offered for the second time.
- The award of the department of Limburg is a stimulating award for sustainable undertaking.
- The award of the department of Flevoland is also a stimulating award for sustainable undertaking.

Other awards mostly concern the best environmental report, the best social report and the best report concerning sustainable undertaking.

At the moment there's a idea for an other big CSR-award. This award is presented for the best view on undertaking.

7.4. Social Index

At the first of October 2003 Kempen Capital Management (KCM) and SNS Asset Management (SNS) launched the first index that keeps track of the performances of smaller European companies that work according to sustainable criteria (environmental and social); the Kempen SNS Smaller Europe SRI-index. The index represents a part of companies that are part of the HSBC Smaller European Companies Index. The Quantitative Techniques Division of the HSBC Bank at Edinburgh will calculate and keep up the SRI-index on behalf of KCM and SNS.

The purpose of this SRI-index is to provide the users with elaborate and objective information about SRI-performance of smaller European companies. Besides that it will increase the awareness of SRI and it will stimulate other smaller stock market listed companies to work according to guidelines on the area of SRI.

At last the index is a relevant benchmark for investors, and it will make it possible to measure the performance of SRI.

The index is the result of a three year study by KCM and SNS. All companies that live up to ethical, social and performance norms or surpass them, will be recorded in this index. There are frequent audits to re-check the performance of a company. This process is going on constantly and at this moment some 1700 separate companies are involved. Active engagement is the core of the process and can only be realised in a longer period of time.

At the introduction 69 companies coming from 14 different countries were recorded in the index.

7.5. Regional or Local Initiatives

The local government, like departments, subsidizes projects concerning CSR. On the internet we found many projects of that kind. These are projects in which the local government initiates, or projects in which they work together with enterprises to make some extra social profit.

CHAPTER 8. OTHER CSR INITIATIVES



8.1. Cause Related Marketing

Cause related marketing is seen as the life-saving appliance for trademarks who experience more and more pressure. Product-chances are getting more difficult to create, to communicate and to maintain. The available ways of communication are getting fragmented and the modern 'zap'-consumer is less faithful to the trademarks. To survive, the trademark has to offer the consumer extra value; this means in most cases an ethical dimension.

There are many different forms of cause related marketing in the Netherlands.

Some companies don't work with cause related marketing because they are afraid that once they point out that their products are sustainable, the consumer will be asking questions. They will think that if things are now sustainable, that this wasn't the case in an earlier stage.

8.2. Research on CSR (2000 – 2003)

In January 2003 the NIDO (the National Initiative Sustainable Development) and the Ministry of Economic affairs have initiated an academic research program concerning CSR. The research offers support to companies at the interpretation of their social entrepreneurship. Furthermore the research will give insight to society and the government what can be expected of enterprises in dealing with CSR. And in which way the debate concerning the interpretation of the responsibilities of enterprises can be started.

There are five main themes on this matter:

- The nature and the edges of the responsibility of enterprises;
- Stakeholder management with a view to CSR;
- The internal organisation of CSR;
- The mapping and measuring social performances;
- The meaning of social surplus value.

There's aimed at an active and practical participation of the researchers during the research. They don't bring up the rules and the regulations, and neither do they work as consultants. The goal is to systemise the knowledge and the experience which is already present at the enterprises. The question what CSR means and what is useful and what isn't is their main subject.

YEAR	NAME / DESCRIPTION	ENTITY
2003	CSR and globalisation of the civil society	University of Tilburg, Erasmus University of Rotterdam, University Nyenrode
2003	To balance between thinking and acting: The process of operationalising the meaning of CSR in enterprises	Erasmus University of Rotterdam, Catholic University of Nijmegen
2003	Philosophy of life and CSR: Translation of motives to behaviour	University of Tilburg, Erasmus University of Rotterdam
2003	Dutch corporate social responsibility and its European context: Positioning the Dutch experience of CSR research and best (business) practice in its wider European Context	Catholic University of Nijmegen, Erasmus University of Rotterdam
2003	Surplus value. A research on the surplus value of CSR for management and investors	University Nyenrode, University of Amsterdam, State University of Groningen, Erasmus University of Rotterdam
2003	The evolvement of CSR through the eyes of NGO; a yearly check on the development of CSR	University of Twente, Catholic University of Nijmegen
2003	Sustainability as a collective competence; The development of competences which allows the enterprise to work with CSR	University of Twente, Catholic University of Nijmegen, University Nyenrode
2003	Strategic development of the dialogue with the stakeholders: A research at strategic instruments for stakeholder management concerning CSR	Erasmus University of Rotterdam, University Nyenrode
2003	CSR: The corporate operationalising of a relatively vague framework of values	University of Maastricht

In the years before 2003 there've been quite a lot of Bachelor and Master thesis and some PhD-thesis on the subject of CSR.

8.3. Organisations Dedicated to CSR

In May 2000 on initiative of the advice-agency on sustainable undertaking and CSR of the DHV, the 'Knowledge-centre sustainability and CSR' was launched. This agency advises companies and other organisations on the matter of, p.e., strategy-making and implementing sustainable undertaking.

The 'Centre for research on multinational corporations' (SOMO), established in 1973, is working on a big CSR-project since 2001.

SOMO analyses and criticizes initiatives concerning CSR; especially governmental. Doing this, SOMO is participating actively in the national and international discussion on CSR. SOMO gives advice concerning the development of behavioural codes and the implementation of these codes. Besides that she does company-research to CSR in practice.

In 2002 the most important organisation concerning CSR was launched; the 'CSR association' (MVO-platform). This organisation is a network of 38 organisations which are active on the subject of CSR.

A large number of these organisations are working together on CSR for many years. These unions have expressed many stands concerning CSR and the role of the government.

In 2002 they developed a frame of CSR-references; a stock-taking of norms, agreements and operational aspects that play a role in CSR and international undertaking.

In the autumn of 2004 the 'Knowledge-Centre CSR' will be launched. This centre is the initiative of the Ministry of Economic affairs and will work together with companies and corporate organisations which are involved with CSR. The centre wants to stimulate and assist companies on realising their social role.

There are many consultant companies active on the field of CSR. With the help of an internet search-machine we could find over 20 consultant companies advising on CSR.



YEAR	NAME	TYPE	# MEMBER COMPANIES
2000	Knowledge-centre sustainability and CSR	Organisation	-
2001	SOMO (Centre for research on multinational corporations)	Foundation; project	-
2002	MVO Platform (CSR association)	Network of corporate organisations active with CSR	38 (NGOs)
2004	Kenniscentrum (Knowledge-Centre CSR)	MVO Non profit association	100 (partners)

8.4. Main CSR Events during 2003

DATE	TITLE	ORGANIZER
29/01	Seminar The future of Global Economy, Globalisation, Sustainability in the 21st Century	
04/02	Seminar CSR: 'Bridges over Babylon'	
19/02	Workshop/course 'Sustainability Scorecard, Managementtool for sustainable undertaking'	
17/03	'Castle Zeist Conference'; Yearly Conference	CSR of SME The Netherlands Foundation
18/03	4 th National Sustainability Conference. The biggest yearly event in The Netherlands concerning CSR. Theme 2004: 'The dialogue with and the management of the stakeholders'	Platform for sustainable undertaking
20-22/03	International NGO Training and Strategy Seminar on the OECD Guidelines for multinationals	
03/04	Seminar 'CSR, from more to better'	VNO-NCW
14/05-17/09	Post academic study CSR for managers	
04-06/06	Social Dimensions of Organisational Excellence	European Organisation for Quality Conference
26/06	Conference 'CSR in international perspective, undertaking	LNV
17/09	A C-bread lecture	NCW?
25-26/09	Research conference 'Managing on the edge, Shifts in the Relationship between Responsibility, Governance and Sustainability'	
03/10	Conference of Economists Groningen (ECG): 'Changing Corporate Culture, Challenges in transparency and Corporate Social responsibility'	
07/10	Five-yearly anniversary conference 'Sustainability-reportage/Global Reporting Initiative (GRI) in The Netherlands'	DHV Advice, SNS Asset Management, Association of investors for sustainable development (VBDO) Support by: GRI and the Ministry of Economic Affairs
29/10	Workshop Sustainability Scorecard: 'Understanding your sustainability performances'	DHV Advice
06-07/11	Triple Bottom Line Investing Conference	
25/11	Spinoza-lecture: 'Is it possible for businesses to correct its own mistakes?'	
25/11	The practice of top-salaries	The Network of company ethics Holland
Of 03/12	Post academic study sustainable undertaking	Management Academy Groningen
04/12	Presentation of the ACC Award 2003 for the best environmental- and sustainability report	Ministry of Economic Affairs
11/12	Conference 'Partnerships in sustainable development' Partnerships are a major item on the political agenda, ever since the World Summit on Sustainable Development (WSSD) in Johannesburg. The government of The Netherlands has made a policy-framework for the sustainable development, and is also partner in a couple of WSSD-partnerships.	NCDO, SMO, DHV Advice sustainable undertaking, KIT-NIPS

8.5. Press Coverage of CSR during 2003

The press coverage of CSR during 2003 is huge. In all papers the subject of CSR was put forward; chiefly in the Financial Daily.

The most important topics were on:

- Corporate Government;
- Reports;
- WTO Agreements;
- Sustainability reports;
- Sustainable investment;
- SRI;
- Cooperation projects NGO and enterprises;
- The government and CSR;
- Rules on CSR;
- Social and fair trade labels.

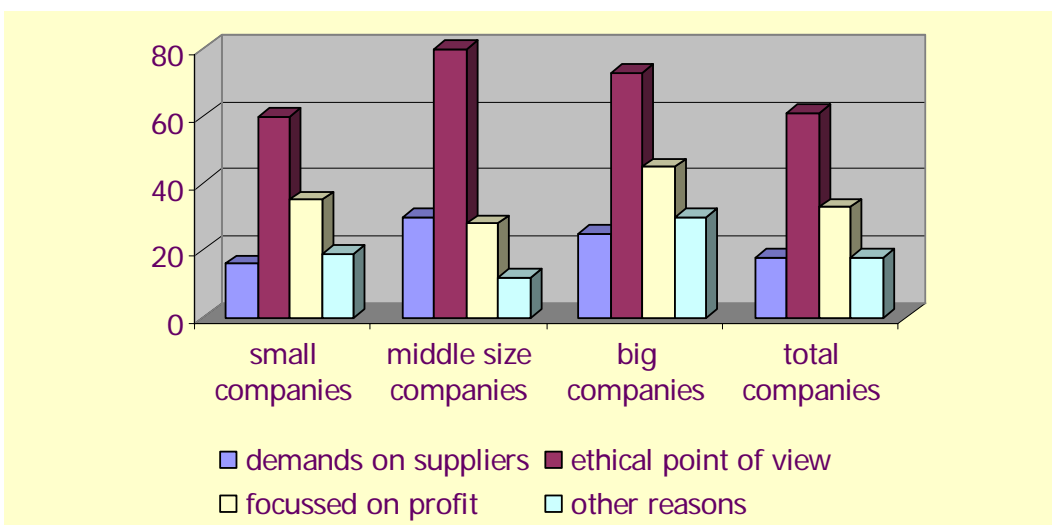
CHAPTER 9. OPPORTUNITIES AND OBSTACLES FOR CRS



9.1. Main Reasons and Motivations for Companies to be Active in CSR

The 'social duty' is many times the main reason for CSR. Over 60 percent of the economic life is involved with CSR because it's the right thing to do, from an ethical point of view. But enterprises don't invest in CSR for nothing; it has to bring some profit for the enterprise. This plays a bigger role in big enterprises than in small enterprises.

For less than one out of five enterprises CSR is, somehow, demanded by their clients. The demands are chiefly on the area of preventing from fraud and corruption, environmental behaviour and having a course of behaviour.



Motivation in Enterprises to have a CSR Policy

CSR leads to more awareness and a better image to customers, suppliers, and business partners. (33%)

A better image brings better publicity.

Other motivations are reducing of pollution and a better work climate.

Besides that, CSR 'makes you feel good and you can see the other straight in the eyes'; according to one of the enterprises.

Other motives for having a CSR policy is that CSR is important for the continuity of the enterprise and gives it the right to exist.

One fourth of the enterprises that are involved with CSR don't see the direct benefits of it.

In comparison with 2001, this number has declined a little.

Promoting CSR:

- The Dutch government and also local governments are very active in promoting CSR, not only with subsidies but also with education and information;
- Two local governments are co-ordinating co-operative CSR, special focused on sponsoring of social activities;
- Three in management important universities are studying on CSR and the promotion of it;
- Consultancy and accountant companies have special programs to promote CSR;

- Looking on internet search machine gives 251.810 hits with a wide range of information on CSR;
- In the bookshop we could find only 6 titles of books with informative information special focused on CSR.

9.2. Identified Business Benefits

CSR brings in more profit than the CSR-activities cost the enterprises. For small and medium size enterprises is this hardly different than for the big enterprises. At the same time one out of five enterprises are convinced that CSR-activities will harm the profit; sponsoring and training the employees will cost the enterprise quite a lot of money. Furthermore are matters of the environment, which are not legally obliged but that will lead to fewer nuisances for the surroundings, expensive.

Besides the direct financial consequences, CSR will cost the enterprise time; and time is expensive.

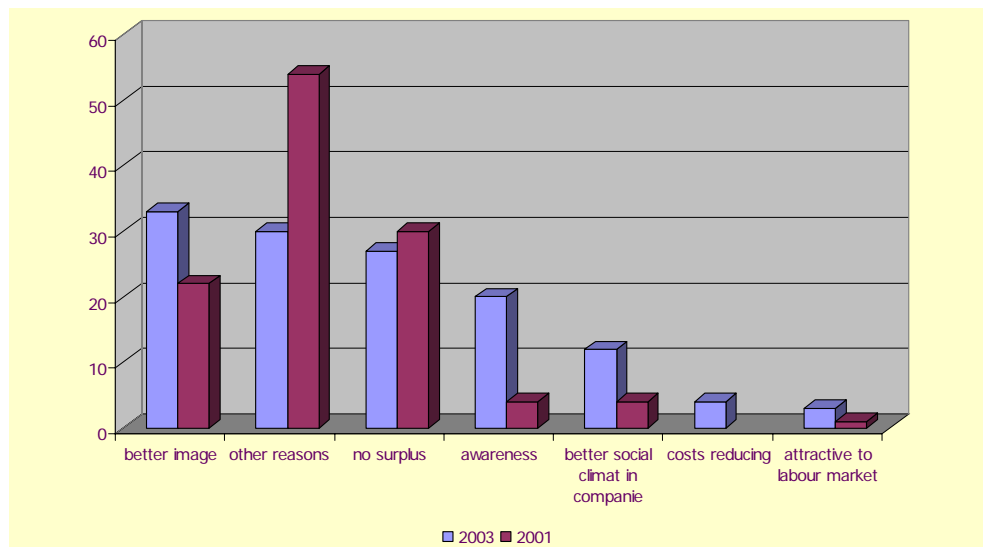


Figure: The surplus value of CSR to enterprises in 2001 and 2003

9.3. Existing Barriers to CSR Involvement

Over 25 percent of the enterprises don't have any type of CSR-policy. The main reason for this is the small-scale of the enterprise, with most of the times less than 10 employees. For this reason it's not very interesting for the company to work on CSR.

Another reason is that managers think that the enterprise doesn't involves CSR, and will never do so. Other part of the enterprises just hadn't thought about CSR before.

NATIONAL CSR KPI's (KEY PERFORMANCE INDICATORS) 2003



KPI- KEY PERFORMANCE INDICATORS		THE NETHERLANDS
1	ISO 14001 Certifications ¹¹	1.162 (2004)
2	EMAS Registrations ¹²	29
3	OSHAS 18001 Certifications	-
4	SA 8000 Certifications	-
5	CSR reports published ¹³	172
6	Case studies listed in Smekey CSR Europe site ¹⁴	3
7	Social labels / Fair trade labels ¹⁵	35
8	Fair trade commerce volume; # stores ¹⁶	408
9	European Eco-label products produced; available ¹⁷	3; 39
10	Local Organizations dedicated to CSR; # member companies	-
11	# Relevant CSR events in 2003	21
12	Relevant community involvement initiatives	-
13	Univ. Doctorates, Masters and Post-Graduations	-
14	Overall research on CSR 2003	9
15	Media coverage of CSR	a lot
16	CSR Awards	3 big awards and a few little ones.
17	Consultancy companies offering services on CSR	Many
18	% of permanent contracts	-
19	% of women in total workforce ¹⁸	41,5% (2003)
20	Average weekly working hours	30,2 (2002)
21	Incidence rate of labour accidents (per 1000)	154 (2003)
22	%of health and safety costs on total labour costs	-
23	Average training hours per employee per year	-
24	Incidence of staff involved in training	-
25	Weight of supplementary social protection charges	-

¹¹ www.ecology.or.jp/isoworld/english/analy14k.htm.

¹² www.europa.eu.int/comm/environment/emas/index_en.htm.

¹³ www.corporateregister.com.

¹⁴ www.smekey.org/reports.default.asp.

¹⁵ www.goedewaar.nl.

¹⁶ www.fairetrade.nl.

¹⁷ www.eco-label.com.

¹⁸ All the percentages by the Dutch Union for Statistics.

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APPENDIX

Fair Trade and Social Labels

In total there are 35 labels, which can be divided in several groups.

- ③ Animal welfare labels
 - Demeter
 - EKO
 - Scharrelvlees (Free-range meat)
 - Proefkoneen (Against laboratory animals)
 - Grasdier
 - Scharreleieren (Free-range eggs)
- ③ Packing materials
 - Der Grüne Punkt
 - KCA (Small chemical disposa')
 - SPI
 - Papier kringloop (paper recycling)
 - Resy
- ③ Environmental labels
 - Der Blaue Engel
 - Milieukeur (Environmental label)
 - EKO
 - FSC
 - TCO
 - De Zwaan
- ③ Fair Trade
 - Fair Trade
 - Max Havelaar
 - Oke Max Havelaar
 - Rugmark
- ③ Non idealistic labels
 - CE
 - Glutenvrij
 - GS-zeichen
 - Kema-keur
- ③ Confusing labels
 - CFK vrij (free of CFK)
 - ECF
 - Dolfijnvriendelijk (Dolphin friendly)
 - Groene stroom (Green power)
 - Good for environment
- ③ Remaining labels
 - BGA
 - CBF
 - Erkende streekproducten (Acknowledged products of the regions)
 - Goedgekeurd (Approved)
 - Vegetariers (Vegetarians)



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