

## Peer Review Report

### Peer Review on Corporate Social Responsibility - London (UK), 18 June 2013

#### Introduction

The UK Department for Business, Innovation and Skills hosted a first Peer Review (PR) on Corporate Social Responsibility (CSR) in London, which brought together ministry officials from Belgium, Estonia, Poland and the UK, as well a representative of DG Employment, Social Affairs and Inclusion (DG EMPL).

As underlined by the Commission representative, the initiative to hold PRs on CSR arises out of the Commission's 2011 Communication on a Renewed EU Strategy 2011 – 2014 for CSR<sup>1</sup>, in which the Commission expressed its intention to create a PR mechanism for national CSR policies. Similarly, the Communication invites Member States to:

*'develop or update by mid-2012 their own plans or national lists of priority actions to promote CSR in support of the Europe 2020 Strategy, with reference to internationally recognised CSR principles and guidelines and in cooperation with enterprises and other stakeholders...'*

Member States are also asked to prepare specific Action Plans on Business and Human Rights or to clearly integrate such actions into their National Action Plans on CSR.

#### Key features of National Action Plans or key initiatives being implemented by Member States

##### United Kingdom

The UK has committed to publishing its Framework for Action on Corporate Responsibility (CR), which is the national action plan on CSR, by the end of 2013. In preparation for the final publication of the Framework, a [consultation](#) was launched on 27<sup>th</sup> June 2013. The consultation will run for three months and is seeking to engage views from businesses, including small and medium-sized enterprises (SMEs), other government departments, consumer bodies, trade bodies and voluntary-sector organisations. To underpin the consultation, the UK government is organising a series of workshops to ensure that views from these stakeholders are captured.

The Framework will be guided by the view that CR is very much a voluntary activity. This aligns with a wider national objective to reduce regulatory burden on businesses, called the 'Red Tape Challenge'. As such, the Framework will outline activities to be taken to support the uptake of CR, but will not introduce any new legislation or regulatory requirements. The themes of the Framework are:

- Alignment with global CR approaches, such as the United Nations (UN) guiding principles;
- Improving business reporting and disclosure, including a set of voluntary metrics for businesses to report on if they chose to do so – while also ensuring that reporting is meaningful, for example, that in narrative reporting, businesses do not merely report the bare minimum or are "tick-box" exercises, but actually demonstrate a behaviour change;
- Improving understanding of responsible supply-chain management and enabling UK companies to manage their supply chains more effectively;
- Encouraging more SMEs to adopt responsible business activities; such as by supporting the '[Trading for Good](#)' initiative, which is a partnership which helps SMEs to support local communities. It is led by a non-profit organisation, but sponsored by the private sector along with some public funding.

---

<sup>1</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A renewed EU strategy 2011-14 for Corporate Social Responsibility. Brussels, 25.10.2011 COM(2011) 681 final

- Enabling professional and career development for practitioners of CR, including supporting an industry group which aims to establish CR as a recognised profession and potentially develop accredited training and qualifications;
- Strengthening the relationship between business and society, such as encouraging businesses to get more involved in their local communities;
- Improving understanding of the relationship between business and human rights, building on work led by the Foreign and Commonwealth Office;
- Improving consumer awareness and trust; there is a strong awareness that consumer choices and demands can lead to changes in business practices because businesses see that implementing CR can lead to competitive advantages.

The UK representatives also underlined that Government actions are bound by the limited budgets and resources in the context of public-sector cuts. As such, the proposed activities focus on harnessing the power of consumer knowledge, promoting CR through “peer” case studies of respected businesses or ambassadors and supporting private and voluntary-sector initiatives.

Participating peer countries expressed an interest to find out more about the following aspects of the UK approach:

- Whether ensuring that public procurement is open to SMEs should be included in the scope of CSR

Representatives from other countries explained that CSR is defined very differently in their countries and that they did not understand the rationale for including actions which enable SMEs to access public- procurement within the scope. UK representatives explained that enabling SMEs to bid for public contracts opens avenues for engagement with SMEs in relation to CR.

(Through the UK’s Social Value Act, 2012, public authorities are now required to consider as part of their decision making in respect of procurement how what is proposed to be procured might improve the economic, social and environmental wellbeing of the relevant area and how, in conducting the process of procurement, it might act with a view to securing that improvement.)

- How developing CSR as a profession is being supported

Representatives from the UK explained that this initiative has come from a business-led initiative: a group of staff members who are CR professionals in large private- companies and wish to set up an Institute of CSR Professionals. The government is supporting their actions by facilitating the group to meet the obligations of becoming a recognised institute.

- Engagement and buy-in from businesses

The UK has found that business-to-business communication is a stronger communication tool than communication from government or politicians due to the varying levels of trust between these different groups. Similarly, they have found that engaging businesses at the top end of the supply chain can have significant effects as they can influence their suppliers and their suppliers’ suppliers.

The main points from the UK’s approach are the importance of 1) supporting and expanding business-led initiatives through partnerships and 2) encouraging SMEs, and those businesses who would not undertake CR anyway, to do so.

## Estonia

Estonia adopted a National Action Plan on CSR in 2012; the plan covers the years 2012 to 2014. CSR-related activities in the country can be traced back to the establishment of the [Responsible Business Forum in Estonia](#) (RBF) in 2004, a non-governmental organisation (NGO) set-up by enthusiasts.

Government involvement in CSR started in 2010 through a European Cohesion Fund project, which developed a national CSR platform in Estonia. The project resulted in the adopted national action plan, as well as the following actions: a compendium of best practices, an e-learning module for businesses, development of a CSR award scheme (index) and a series of awareness-raising events

and activities. Over the two years of the project, the RBF has grown to become a formal business organisation with fee-paying members which has led to significant growth in its capacity and ability to lead on this issue. CSR in Estonia is therefore developing in a context of a strong partnership with the RBF.

The objectives of the National Action Plan are to boost national competitiveness, improve civil governance, supplement the Government's social and environmental policy and benefit enterprises. It has two strategic goals and associated actions:

1. Expanding the system of CSR of recognition and certification for enterprises: actions include re-designing the award scheme, analysing take-up and exploring whether public procurement can include consideration of the award.
2. Improving awareness of CSR among entrepreneurs, investors, consumers, officials, business professionals, media and opinion leaders: actions include campaign events and seminars, delivering training for entrepreneurs and business groups, collecting and showcasing good examples and including CSR in the business studies curricula of schools, vocational schools and universities.

Future developments in Estonia are expected to include a new Action Plan beyond 2014, including CSR in the overall Estonian enterprise growth strategy for 2020 and providing more training opportunities for enterprises with a sectoral focus.

Participating peer countries expressed an interest to find out more about the following aspects of the Estonian Action Plan:

- How progress is monitored

The Estonian representative explained that progress towards achievement of the plan is monitored through four indicators: number of enterprises participating in the network, number of enterprises achieving a CSR policy, numbers participating in training and events and share of enterprises that started CSR after participating in training or events.

These indicators were chosen because they are easy to measure and directly link to the main objectives of increasing take-up among businesses – the focus for Estonia at this stage is quantity. It was acknowledged that in the future (as in other countries), the indicators would benefit from being more “sophisticated” in order to demonstrate, for example, the attribution (are companies acting because of the training?) and scale (what is the quality of the CSR?).

- How training activities are implemented

The RBF is responsible for the design and implementation of training activities, with funding from the public sector. For the design, delivery and promotion of training events, the RBF has worked in partnership with a range of other organisations, such as the Competence Centre, government ministries, Estonian Business School, other NGOs, as well as some trainers from abroad.

The main points arising from Estonia's action plan are the importance of 1) partnerships with business-led organisations and wider stakeholders 2) an emphasis on delivering free training to achieve high quantity of business engagement and 3) awareness-raising activities among all sections of business and society.

## Poland

Poland has no single, specific strategy on CSR. CSR is instead included in a number of government strategies. At a wide, cross-cutting level, it is included in Poland's long and medium-term strategies relating to development. It is also included in strategies for particular policy areas. The Prime Minister has overall responsibility through the [Group for Corporate Social Responsibility Issues](#). Four working sub-groups (on CSR promotion system, education, responsible investment and sustainable consumption) are responsible for driving and directing CSR actions and are made up of participants from the public administration, NGOs, business and academia.

Polish public policy on CSR is developed along the lines of the following three pillars (and associated actions):

1. Creating an integrated system of CSR promotion: actions include dialogue with stakeholders on CSR, developing a system of CSR indicators and ensuring that public procurement involves public, private and social partners;
2. Increasing public administration responsibility: actions include implementing the ISO 26000 standard, implementing Environmental and Social Governance (ESG) in state shareholder companies by pursuing socially responsible investment and risk management, and including environmental and social criteria in public-sector tendering;
3. Raising awareness and increasing responsibility of market participants: actions include creating sustainable consumption attitudes (through product labelling, supply chain tracking and food waste scale tools); providing financial support (such as promoting responsible investment and for inclusion of ESG into pension fund strategies) and education (such as training the teaching workforce and including CSR in the curricula of schools and universities).

A number of specific projects are currently operating in Poland. For example, some are working with businesses, in many cases targeting SMEs, to enable them to implement CSR strategies. Some are working with public sector at all levels while one project focuses on social entrepreneurship and corporate volunteering.

Participating peer countries expressed an interest to find out more about the following aspect of the Polish approach to CSR:

- How high-level support (the Prime Minister's Office) and substantial financial commitment for CSR has been achieved

The Polish representatives explained that a UN Development Programme -funded project which ran between 2009 and 2010 undertook a country-level assessment on the state of CSR and made a number of recommendations. These were taken on by the Prime Minister's office who set-up the Group for CSR Issues and the multi-stakeholder working groups. Including a number of ministries in the groups, under the auspices of the Prime Minister, ensures that where funding is available (for example, through European Structural funds), it can be directed in ways that align with the three CSR pillars. For example, Poland has ensured that CSR priorities are aligned with European Social Fund (ESF) priorities.

The main points arising from Poland's approach include 1) it is possible to achieve significant CSR activities without a single CSR strategy and 2) aligning CSR priorities with other programmes can enable a substantial amount of CSR activities to be implemented and have a deeper and wider impact.

## Belgium

Belgium developed and approved a Federal CSR Action Plan as early as 2006. Implementation of this action plan was evaluated in 2009. Lessons from this evaluation fed into the developed of an updated Action Plan which was adopted in 2010. Belgium is currently working towards drafting an action plan on "Business and Human Rights", expected to be published by the end of 2013.

Key to Belgium's approach to developing the Federal Action Plan is adopting an overarching CSR Reference Framework which set outs a common, agreed definition of CSR, as well as agreed understanding of the scope and the role of businesses, the state and others. Crucially, the framework is determined through extensive consultation with enterprises and other stakeholders. Through these on-going processes, Belgium identified that trade unions are a key actor that needs to be engaged - as stakeholder dialogue does not need to replace social dialogue.

The Belgian Federal Action Plan on CSR includes 13 actions which can be organised as follows:

- Actions undertaken by the federal authority and which concern its own functioning: these include initiatives on [sustainable public procurement](#), a single contact point for public labelling, adopting an ethical and socially responsible foreign and trade and investment policy and participation in international reporting, such as ISO26000, Global Compact etc.
- Actions aimed at enterprises and their stakeholders: these include supporting a learning network, supporting an ethical trading initiative, promoting sustainability reporting, promoting research on

CSR, establishing CSR knowledge centres to encourage dissemination, promoting sustainable pension savings and evaluating transparency regulations (in financial sectors).

In addition to federal actions, Belgian regions undertake actions to implement and promote CSR.

Participating peer countries expressed an interest to find out more about the following aspects of Belgium's approach to CSR:

- How the learning networks operate

The Federal Authorities provide funding to Chambers of Commerce to organise networks in their area. Each network usually engages around 15 SMEs who work with a consultant to draft company-level action plans on CSR. To date, between 300 and 350 SMEs have participated, while more SMEs are currently participating in the fifth cycle of the programme which started in 2013.

- The Belgian CSR Barometer

There was an interest in exploring the quality of CSR and understanding whether CSR makes a difference. The Belgian Federal authorities commissioned the non-profit organisation 'Business and Society' to survey 500 enterprises. The results are presented as the [2011 Barometer of Social Responsibility](#) in Belgium.

The main points from Belgium's federal action plan are the value of: 1) agreeing a common framework of understanding before proposing an action plan, 2) involving all stakeholders in dialogue, and 3) ensuring that actions include the state organisation as an institution in addition to external organisations.

## Discussion on topics of interest

### Effective ways to support all businesses to develop CSR approaches

In a round of debate, the peer countries considered the key elements for engaging and supporting businesses in CSR – particularly those businesses who do not have sufficient understanding and knowledge of the area. Success factors identified included:

#### *Horizontal / cross cutting themes*

- Making CSR “easy” and “simple” to do – use simple and clear messages, provide tools and provide guidance;
- Disseminating best practice – through promoting ambassadors and “before-and-after” case studies;
- Multi-stakeholder dialogue at all levels – which can lead to effective partnerships;
- Promoting the business benefits – such as consumer loyalty, employer pride, international competitiveness, partner trust and investor preference;

#### *Vertical themes*

- Training and education – in business schools and at all levels of education, focusing on younger generations (Generation Y).

### Effective and successful approaches to enhance the credibility and visibility of CSR

The peer countries discussed the most effective approaches to enhancing the credibility and visibility of CSR. The following approaches were proposed:

- Making references to international instruments and using these to develop sets of indicators and metrics;
- Through certification and labelling schemes: these work best when they are developed by the sector or by private/voluntary initiatives and are therefore relevant to the product and service - consumer recognition of the label is key;
- Harnessing the capabilities of the Internet through Web 2.0, social media and other interactive consumer initiatives and using these for bottom-up reporting;
- Ensuring that there is an independent “watch-dog” and that this organisation has the resources and capabilities to function properly;
- Stimulating and educating traditional media to communicate on CSR in a meaningful and qualitative way.

### **Effective ways to determine benchmarks and identify the baseline**

The peer countries also had a discussion about how to practically determine benchmarks and indicators. It was firstly agreed that “there is no need to re-invent the wheel” and attempt to devise an entirely new system. Instead, peers should look at the existing measurement tools and frameworks. Examples include: the UN Global Compact, UNDP methodology for CSR country level assessment used in Poland and other Eastern European countries, the Global Reporting Initiative, ISO26000 and existing ethical stock exchange indices. In terms of measuring country progress against an action plan, the experiences of countries participating in this peer review demonstrated the importance of choosing the right indicators for the country context. For example, Estonia has identified a small set of indicators that are easy to measure and are directly linked to actions. On the other hand, Belgium is now more focused on the quality of CSR and has therefore developed an elaborate CSR Barometer.

### **Effective ways in achieving results in the context of limited financial resources**

A further topic discussed was how peers and other governments can best take the CSR agenda forward in the context of financial austerity and reduced public sector budgets. As a minimum, it was suggested that governments in all levels (national, regional, local) should be involved with the appropriate Business Forums so as to best capture and direct private sector financing opportunities. Focusing on larger companies who can influence their supply chain may result in quick wins. However, all companies can be encouraged to join a network and CSR leaders can offer business-to-business support to CSR late-adopters. In the medium term, it was suggested that Member States could examine the ESF and other Structural Funds and investigate how CSR is included in operational objectives and in funded programmes and projects. Overall, there is also a need to promote CSR across government ministries and agencies and this could be achieved by demonstrating how CSR can achieve progress towards the political priorities of the current administration.