

Peer Review Report

Peer Review on Corporate Social Responsibility – Stockholm (Sweden), 25 September 2013

Introduction

The Swedish Ministry for Foreign Affairs hosted the third Peer Review (PR) – the first of the mainstreaming Peer Reviews - on Corporate Social Responsibility in Stockholm, which brought together ministry officials from Sweden, Cyprus, Romania and Spain. The European Commission were not able to attend.

The initiative to hold Peer Reviews on CSR arises out of the Commission's 2011 Communication on a Renewed EU Strategy 2011 – 2014 for CSR¹, 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

Sweden

The Swedish Government through the Ministry for Foreign Affairs (due to its original links to the OECD) introduced CSR in its work and created the position as CSR ambassador in 2002. In this role, they request other ministries to commit to developing activities on CSR via a yearly letter which sets out their requests. The Swedish CSR agenda is based on the international agreed guidelines: OECD Guidelines for Multinational Enterprises, UN Global Compact and the UN guiding Principles for Business and Human Rights. The Swedish National Action Plan is currently subject to negotiations between ministries but it is forthcoming.

In Sweden, the development of sustainable business is led by companies themselves, i.e. it should be business-owned and business-driven. The government should have a proactive and supporting role. The government also has responsibility in its role as owner of 52 state companies; in public procurement; trade and export promotion; and development aid and to act in accordance with the internationally agreed principles in the field of responsible business. Reporting and disclosure requirements are outlined in the Annual Accounts Act. In 2007 the government decided that state-owned enterprises should report on the GRI from 2008. In 2012, 96% of the companies had complied with this request. Sweden ranks fourth globally in terms of the numbers of GRI reports (2013 figures).

The National Action Plan addresses a range of areas but the focus areas are the four essential areas: human rights, labour, environment and anti-corruption:

1. Human rights – the government is working towards developing a Business and Human Rights Plan. Work to this stage has included discussions on internet freedom and censorship, a Delegation on Human Rights and promotion of labour rights (ILO, ratification of the EU Charter of Fundamental Rights).

¹ 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

2. Labour - Swedish General Action Plan for gender equality and other social and labour policies.
3. Environment – climate issues are a clear priority area for Swedish government and businesses – areas of influence and development include climate, chemicals, waste, resource efficiency and public procurement.
4. Anti-corruption – the government supports the Business Anti-corruption Portal (www.business-anti-corruption.com) which is a joint setup with 4 other governments' ministries and agencies. Sweden adheres to the UN Convention Against Corruption (UNCAC) and the OECD Anti-Bribery Convention.

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

- Since it is mandatory, how is it possible that a couple of state-owned enterprises do not submit a non-financial report. ?

The Swedish delegation clarified that there was not a specific law which required state-owned enterprises to disclose non-financial information, but the government has requested that these companies indicate progress on CSR activities in the company Annual Statements. However, the most likely reason for the lack of this reporting in a small number of cases is due the fact that some companies recently have been established or have been liquidated.

- Some countries focus on reporting back on a limited number of the 15 GRI reporting areas. Do state owned companies in Sweden choose which area to focus their attention?

Sweden clarified that companies are free to choose which of the areas they should report on. As for the state owned companies, the Ministry of Finance has asked the boards of directors to formulate the policy for sustainable business and they will during this year formulate a number of strategic sustainability targets. The targets should be possible to follow up on and should be communicated externally.

Main points from Sweden's CSR activities: 1) the limited but supportive role of the state in terms of driving CSR in businesses 2) state-owned companies required to complete non-financial disclosure.

Cyprus

Since 2007, the Cyprus Planning Bureau (in cooperation with the pertinent ministries) has been responsible for the implementation of CSR. The ministries have different activities and their actions (coming from different initiatives at EU level) overlap. The National Action Plan was developed as a tool to bring the actions and understanding of national activities and actions together. The aim is that it will also help to increase awareness in companies about current CSR activities.

In 2011 the Planning Bureau conducted a survey with businesses and the public sector to understand the implementation and promotion of CSR practices, as well as the factors hindering CSR development. The results of this (such as only 35% of businesses actively engaging in CSR) led to the development of a final National Action Plan for CSR which was approved by the Council of Ministers in February 2013. The main themes of this CSR plan are organised around three priority axes which reflect a combined involvement of the public and private sector:

- 1st Axis: Information and education on CSR and dissemination of good practices: Further training of businesses, especially SMEs and dissemination of good practices through initiatives such as the organisation of specialised conferences and fora.
- 2nd Axis: Establishment of incentives for the implementation of CSR: Creating incentives for SMEs in order to make their involvement with CSR more attractive such as the establishment of awards, granting of incentives as well as the strict application of legislation where relevant.
- 3rd Axis: Promoting accountability/reporting of CSR: Encourage enterprises to submit Sustainability Reports or periodic reports on their activities regarding CSR issues.

Learning points from the activities include that it has been difficult to convince companies to act on CSR with the troubling economic circumstances in Cyprus. As such, the focus has been on increasing awareness with the aim to encourage companies to engage with CSR. Also given the prevailing mentality as depicted in the survey, that where no legal obligation exists CSR activities tend to drop off, a lot of effort will be required to motivate companies to adopt CSR.

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

- To understand more about how this approach works with state-owned enterprises (in Sweden, they instruct the state-owned enterprises on what they should report on).

In Cyprus, this is at an initial stage and it has started with a letter being sent to the permanent secretaries of the state-owned enterprises asking them if they would be willing to adopt strategies and conduct CSR reporting. If so, information on how to plan and develop targets is provided. The Planning Bureau is currently working on a memorandum of understanding in which targets are being developed for the state-owned enterprises. However, the onus is on the company to engage with CSR.

- To understand more about the CSR network and the national committees.

Representation in the CSR National Committee has only recently been decided and this includes various NGOs and consumer representative groups among others. The government chooses which organisations are in the Committee, but the organisations are free to nominate their individual representative who would attend the Committee meetings. The technical committee comprises the administrative government services which prepare the agenda and support the working groups.

Main points from Cyprus's CSR activities: 1) focus on addressing lack of SME and public knowledge about CSR 2) encouraging non-financial reporting on CSR.

Romania

Romanian CSR policy is formed by the newly created CSR Bureau of the Ministry of Labour, Family, Social Protection and Elderly. The Ministry has a responsibility to promote social dialogue and high standards and ethics, civil protection, provide career opportunities, volunteering and promoting lifelong learning, improving public health initiatives, food and environment objectives (water courses, preservation of monuments, forests). Education includes integrating studies in education programmes and promoting research in various areas.

The Romanian government has approved a National Strategy on Social Responsibility 2011 – 2016. The aim of the strategy is to *"raise awareness about the importance and benefits of applying social responsibility and increase the involvement of the public sector, the Romanian companies, multinational companies, and civil society in the implementation of social responsibility in Romania"*. This is achieved through three main areas of intervention:

- providing a framework for the development of CSR, both at central and at local level by public authorities;
- promoting the application of CSR in organisations in Romania; and,
- active involvement of the public sector in CSR initiatives.

Some early examples of what has been achieved include:

- An online database for green procurement and the ECO Label (www.achizitiiecologice.ro);
- A website www.ccir.ro creating a platform for communication and information exchange between the project stakeholders (members of the Chambers of Commerce and Industry);
- Establishing 42 offices for consumer education on environmental criteria and beneficiaries include the local companies, NGOs and some other professional organisations. The objectives are to

develop skills and knowledge. The Ministry is also considering developing national helpdesks to support this at the local and national level.

However, CSR is in its early stages in Romania and there is limited resource in the government to support these activities. Public authorities at central, regional and local level are not sufficiently involved in activities to promote the concept of CSR for the benefit of communities. There is a lack of specialism in CSR, especially among SMEs. Compounding this, universities are slow to introduce CSR courses.

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

- Information on whether a network for CSR has been established.
There is no separate CSR network to the membership of the Chambers of Commerce. Membership is voluntary but members get the benefits of a range of conferences.
- What has helped to inspire businesses to get on board with CSR?
Conferences (through the Chamber of Commerce) have highlighted CSR information for SMEs. The conferences were run through projects with the EU Chambers under an EU campaign (to raise awareness in SMEs). This was promoted on companies' websites and to the media.
- Has there been any social impact assessment of the work?
There are some examples of local impact, such as a reporting system used to collect examples of CSR (through previous programmes) through social actors, trade unions, NGOs, social partners, etc. This social impact reporting was used to develop the future plan.

Main points from Romania's CSR activities: 1) using existing membership networks to promote CSR 2) educating SMEs and the public about CSR.

Spain

The Ministry of Employment and Social Security has the main responsibility for CSR, leads and has the presidency of the State Council for CSR (created in 2008). They are responsible for promoting CSR through all of the state bodies and to support organisations to get approval for projects. The Ministry for Foreign Affairs and Co-operation, has inside its structure the Bureau of Human Rights, dedicated to Human Rights policies.

Membership of the State Council for CSR is decided by the Ministry but proposals for inclusion from other organisations are accepted. The membership currently consists of 60 representatives (in different working group) from trade unions, NGOs, enterprises and government administrations. Corporate Social Responsibility has been included in most of the draft regulations of Spain, but the Sustainable Economy Act of 2011 was the first law to ever include two specific articles on CSR (art. 35: promotion of corporate social responsibility; art. 39: the sustainability in the management of public enterprises).

The next step was to develop the National Plan for CSR which is currently scheduled to be approved in early 2014 by the Spanish Government, through the Ministry of Employment and Social Security. The first draft was shared with stakeholders and experts in order to receive comments, and now is being worked on State Council for CSR. The main objectives of the plan are to:

- Encourage and promote CSR principles, both in enterprises and in government agencies.
- Extend the values and practices of CSR also in small and medium enterprises.
- Identify and promote CSR as an attribute of competitiveness.
- Disseminate CSR values in the whole society.
- Value and appreciate the contribution of enterprises to society, especially of those that are socially responsible.

- Promote permanent and multilateral dialogue in order to develop public policies to encourage Corporate Social Responsibility.

Further to this, and given the governmental priority to reduce youth unemployment in Spain, the Strategy for Entrepreneurship and Youth Employment 2013-2016 is also considered to be an action towards CSR. The Strategy promotes youth employment actions and CSR policies in enterprises, public administrations and other organisations. A label designed to acknowledge these enterprises was developed and has been well received. Spain also continues promoting networks to spread CSR to territories, such as RETOS network.

Progress is also being made towards the National Action Plan for Business and Human Rights. There was a public presentation in June and they are focusing on UN guidelines in accordance with international rules. The document is being drafted by a different Ministry – but the Ministry of Employment and Social Security have provided their comments.

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

- Was the youth employment label exclusively for organisations that had provided a job to young people?
 - The Spanish delegation confirmed that the award was also for those organisations which created training, education, technical or language learning opportunities for young people. It is about longer term employability as much as it is about recognising employment actions. The process is open to all enterprises. It is also backed up by new legal measures which are also supporting youth into the labour market.
- What are the experiences with national councils and how does this process work?
 - The council meets once a year. A permanent commission meets more than twice a year to prepare new works or aims for the council, and working groups are created to specific actions or studies; those groups meet very often, for example, the working group in charge of National Plan of CSR, which meets once a week. The council is a State body which can provide useful comments on draft documents (e.g. the National Action Plan on CSR).

Main points from Spain's CSR activities: 1) closely linked to government priorities around youth unemployment 2) legal requirement on businesses to promote and manage CSR.

Discussion on topics of interest

Effective ways to support all businesses to develop CSR approaches

In a round of debate, the peer countries considered that among the most effective measures to support all businesses to develop CSR approaches were the following initiatives:

- Creating the business case for CSR – competitiveness

CSR can be adapted to all types of entities and companies. Implementing CSR activities does not need to be an expensive undertaking for a business – and in fact leads to increased profitability. For instance, Sweden had produced a booklet which compiled information from business reports on how sustainability can be profitable. SMEs should be made aware that this is not just applicable to larger corporations or businesses. This means increasing consumer and business awareness of CSR. In addition, there are likely to be trade benefits of introducing CSR aspects to a business – many globalised companies require their suppliers to have CSR practices in place. All CSR stakeholders (not just governments) should be looking to present the business case and best practices in order to 'sell' the added value of CSR.

- Acknowledgement that countries are at different stages

In some countries, there is a high amount of public awareness regarding CSR activities; consumers and society are very demanding regarding the behaviour of businesses. The discussions highlighted that in countries with a high amount of consumer awareness, this is often supported by activities of the

civil society (e.g. campaigns through social media); or by critical journalists scrutinising or evaluating information which is provided, for example, in company reports. In other countries, consumer demand is less outspoken. Strategies should incorporate actions to raise such consumer demand.

- Providing guidelines or a framework on how to get started in CSR

The state could provide a more focused framework of what the government expects businesses to achieve with their CSR activities. This should be a comprehensive framework which takes account of the global guidelines, perspectives and approaches. A framework could show examples of progression as well as good practices in order to provide inspiration. The Member States recognised that there could be a lot of information provided to businesses, especially in term of indicators, but a sensible approach would be to provide a flexible framework which allows business to make a start in one or more of the core 'CSR pillars'.

- Rewarding companies – role models

Member States suggested that rewarding companies that do well in terms of CSR would be another way of marketing and promoting CSR. This could also lead to 'role model' organisations which could be engaged to lead a campaign to provide inspiration to other companies. Using well-known organisations to promote social responsibility could also prove an effective way of promoting the campaign.

- Using European funding effectively

Another suggestion was that funding opportunities could be used to support businesses to develop their CSR approaches. Businesses could be directed to these EU funding opportunities and use them effectively to begin or continue CSR project implementation.

Effective ways to enhance the credibility and visibility of CSR

In a round of debate, the peer countries considered that among the most effective measures to enhance the credibility and visibility of CSR included:

- Marketing and education

Careful marketing and education around the key tenets of CSR is important for the public and businesses. SMEs can be influenced by grassroots and NGOs – these organisations can be effectively engaged to help promote CSR. In addition, the state has a role to play in terms of the general education around CSR; of citizens as well as companies. The discussion also centred on the fact that one of the main drivers for CSR is consumer demand. This could be harnessed and directed more appropriately to the organisations which are most likely to benefit from demand-led approaches. Social media could be better employed - governmental campaigns do not have the same credibility as social media from grassroots which can be more influential and credible to consumers.

- The role of government as an influencer

Member States discussed the role of the government in being a catalyst for the development of successes in CSR. Government funding (supplemented by EU funding where appropriate) could help to remove perceived barriers faced by companies. It was also discussed that the government had a role to support the development of an open, educated society – this could use the support of government agencies and civil society organisations. 'Piggy-backing' on other political actions could help to mainstream CSR.

- Recognition and award

Building on the discussions about role models and awards, the Member States agreed that it would be pertinent to use awards and other forms of public recognition (to which the media and other interested parties would be invited) to help promote CSR as a mainstream activity. The form and function of this could help to develop good practices which focused on the business case for CSR including reduced costs for businesses. Using academic research (an example was given of a 2004 Harvard paper 'Review on CSR') to substantiate the findings would also be considered appropriate.

- Defining the starting position for CSR

The Member States discussed the starting point for national governments to promote and enhance the visibility of CSR. Some suggested that as consumers were the ones to drive companies to have better CSR, the focus should be on educating them to be the drivers for change. Buy-in needs to be ensured by engaging CEOs in a high-level CSR dialogue.

Do we expect businesses to be active in each of the four CSR pillars?

The Member States agreed that if companies developed 'piecemeal' solutions to CSR, this would be acceptable as a starting point. The continuing challenge would be to raise awareness of CSR in companies by involving (trusted) stakeholders such as the Chambers of Commerce. Education for CSR could help to accelerate this process. For instance, it could be included in entrepreneurship education, and integrated into economic studies in universities. Further development of job roles in this area (e.g. CSR consultants or counsellors) would be beneficial - these individuals could help businesses to identify additional areas that they could explore in terms of CSR. Governments have a role to play in terms of ensuring that information provided (throughout the supply chain) is reliable by: learning from other countries; channelling the collective knowledge of civil society, experts, academics and business leaders; developing informative educational programmes; benchmarking campaign activities against other similar activities, etc.

Related to this, Member States discussed whether the definition of CSR was too all-encompassing and meant unfair requirements on SMEs compared to larger companies. It was agreed that a broad definition of CSR would be necessary in order for it to be relevant to all businesses.

Some specific actions or guidelines could be unwarranted but these lists could be better developed by the size of the company. A customised national or sectoral framework was discussed alongside proposals for a computer databank on CSR actions which could evolve into company modelling or indexing.

Member States then looked at how to align or streamline ongoing CSR activities at the national level. They agreed that the National Action Plan was the best starting point - national priorities should be aligned in the NAP. The development of the NAP should have the cooperation of all relevant Ministries and individuals in each Ministry should be trained and have responsibility for CSR.