

THE EXPERTS' FORUM REPORT

ON

CORPORATE SOCIAL RESPONSIBILITY

The Experts' Forum on CSR has been set up on 17 March 2005 on the initiative of the Ministry of Labour and Social Affairs, with the participation of representatives from several Ministries and experts from enterprises-groups, organizations of the civil society and University.

The Forum finished its work in the session held on 12 July 2007, when it adopted the document "Public policies for the promotion and development of CSR in Spain".

This document, together with the three previous ones, results in the Conclusions-Report of the Experts' Forum on CSR.

I, II AND III WORKING SESSION OF THE EXPERTS' FORUM ON CSR¹

Definition and implementation field of “Responsabilidad Social de las Empresas”²

1. The context of the European Union in matters of CSR, as a framework for the policies and rules to be applied in Spain.

The work around CSR being carried out in the European Union is unique in the world, as the Union is the single supranational regional authority to address it until now. Furthermore, CSR may become a very innovative natural development as part of the European social model.

The European Lisbon Summit held in 2000, in its 39 Conclusion, literally says: “The European Council makes a special call to the sense of corporate social responsibility as regards the appropriate practices concerning continuous training, organization of work, equality of opportunities, social integration and sustainable development”.

A few months later, the European Social Agenda adopted in the Summit held in Nice in December 2000 also includes a reference when, under point d) of paragraph II, it says: “to back the initiatives relating to social responsibility of the enterprises and to the management of change through a Communication of the Commission”.

Thus, the Green Paper on SRE of July 2001, first Communication of the Commission, opened a broad debate and gave rise to the discussion of some basic concepts and characteristics of CSR, that were included in the later Communication of 2002 on “Corporate social responsibility: a contribution of the enterprises to sustainable development”.

Recently, in the Conclusions of the European Summit held in Brussels on 22 and 23 March 2005, and under the epigraph “an appealing space to invest and work”, in Conclusion 20, a reference is made to the enterprises, “that should develop their social responsibility”.

Likewise, the European Social Agenda, submitted by the Commission in February 2005 and due to be debated in the Council along this year, also speaks about the promotion of CSR, in the paragraph “a new dynamic for industrial relations”, when it says that: “The Commission will go on promoting corporate

¹ *This document is the result of the joint reflection made in the Experts' Forum on CSR in its first three working sessions, as a reference framework for the future work of the Forum, which will become richer and more specific during future sessions and in future documents.*

² “RSE” has been chosen to name the subject of the debate, and even the Forum itself, because this term covers a broad subject, since it includes small and medium-sized enterprises, and not only big corporations. The term “corporative” comes directly from the Anglo-Saxon terms “corporation” and “corporate”, that refer to the big corporations quoted in the Stock Exchange. Furthermore, RSE is an absolutely consolidated term in Latin-America, a space where Spanish RSE will have a future natural development.

social responsibility. In order to boost the effectiveness and credibility of these practices, the Commission, in cooperation with the Member States and the main actors, will put forward initiatives aimed at further improving the development and the transparency of corporate social responsibility”.

It is advisable that, when addressing this subject, also the present or past discussions in different European forums are taken into account, like the forum “Multistakeholder” of the European Commission, the High Level Group of Representatives of the Governments and the European Parliament.

The work carried out in the context of the Community is therefore fundamental as a framework for the design of national CSR-policies.

But, at the same time, thanks to the progress in national CSR-policies and through the “cooperation” from “the Member States”, a contribution to a better definition of a common European policy may and should be made.

2. Respect to the European and global nature of CSR

The European and the global perspective are complementary and essential when addressing corporate social responsibility.

Corporate social responsibility is generally not limited to their activities in a single country, nor are there solutions to different business decisions which have only one State as a framework. The global context where many enterprises carry out their activities brings to light that there are many legal gaps or loose legislations which have to be filled through public policies, international multilateral initiatives or social responsibility policies of the enterprises themselves.

The global nature of CSR is expressly acknowledged in the Communication of CSR-Commission of 2002 in Brussels, where it says: “The world governance and the interrelation between trade, investment and sustainable development are crucial aspects of the debate on corporate social responsibility”.

The progress in CSR made by the enterprises in Spain should also have a global dimension in as much as their activities are global, reaching a responsible activity in whatever milieu the enterprise operates.

Taking the field of the European Union as a starting point, the principles and documents of international institutions, specially those coming from the ILO, the OECD and its Guidelines for Multinational Enterprises, or initiatives like the [World Business Council on Sustainable Development](#), should be part of the CSR too. It is also indispensable to bear in mind the role of United Nations as a basic referent of international law and global recognition. The Universal [Declaration on Human Rights](#) and the Global Compact principles will therefore be two indispensable pieces in the Spanish CSR-label. Likewise, the Objectives of the

Millennium, the Rules to fight corruption, the recommendation on responsible consumption and the Resolution of the High Commissioner concerning the responsibilities of trans-national enterprises and other businesses in matters of Human Rights, all of them from United Nations, will be instruments also informing CSR in Spain.

3. Objective and definition of CSR

CSR aims at sustainability, basing on a strategic and integrating process where the different agents affected by the activities of the enterprise may identify themselves. For its development, it is necessary to establish the appropriate means to truly identify the different stakeholders and their needs, from a global perspective, and criteria of responsibility in management concerning the whole organization and its whole chain of values should be introduced. The responsible policies applied by the enterprise produce results, to be measured with indicators, that should be externally proven and reported in a transparent way.

Corporate Social Responsibility is, besides the strict compliance with the legal duties in force, the voluntary inclusion in its governance and management, in its strategy, policies and procedures, of the social, work-related, and environmental concerns, as well as those concerning the respect to human rights that arise in the transparent relationship and dialogue with its stakeholders, in this way taken on the responsibility for the consequences and impacts of its actions.

An enterprise is socially responsible if it satisfactorily answers to the expectations of the different stakeholders in its operation. CSR refers to how the enterprises are governed regarding the interests of their workers, employees, customers, providers, and shareholders, and its ecological and social impact on the society at large, i.e., a management of the enterprise that respects all its stakeholders and means a strategic approach that should be part of the daily management of decision making and of the operations of the whole organization, thus creating a long term value and significantly contributing to lasting competitive advantages. Hence the importance that both government bodies and management of the enterprises take on the CSR-perspective.

Even if social responsibility is in the first place a job for the enterprises, it extends to all organizations that contribute an added value to society, public or private, profit-making or not.

4. The field of CSR

The field of Corporate Social Responsibility is internal and external to the enterprise.

In its internal field it refers on the one hand to the respect to the environment when carrying out its activities, in as much as its quality and conservation concerns the stakeholders as the framework for their life and as a source of

resources. And it refers on the other hand to the rights of its workers to free collective bargaining, to equality of opportunities between men and women, to non discrimination on grounds of age, racial or ethnic origin, religion or disability, to health and security at work, and to the reconciliation of personal or family life and working life.

In the external field, it refers to the strict respect to the rights of customers and consumers who buy its products and services, or to its providers, to the respect to Human Rights and to non connivance with corruption or bribery; it also refers to the cultural, environmental or social action of the enterprises, understanding the last as the allocation of business resources to projects related with underprivileged people in the communities where the enterprise operates.

Corporate social responsibility extends to all its operations in the country of origin and abroad, as well as to the mobilization of providers and subcontractors in a way that these in turn observe the same criteria of responsibility in their activities.

CSR implies a new way to manage an enterprise, that takes into account the stakeholders through policies, procedures, systems and measurement indicators. In this field it is necessary to distinguish between the processes towards more corporate responsibility implied in the adoption of this way of managing, and some actions of corporate philanthropy that do without any internal change pursuing a more responsible management. Concerning this last aspect, the public framework of reference and the public CSR-policies will make reference to a social action that is strictly integrated in a responsible management of the enterprise.

5. Social actors of CSR.

The participating actors depend basically from the kind of activity of the enterprise and from the geographical area where it carries out this activity, in a way that each enterprise has a given set of stakeholders which the company must take into account for its responsible management.

From a general point of view, the main actors of CSR are on the one hand the enterprises, whatever their size, and all economic and financial organizations and associations, public or private, profit-making or not.

On the other hand, different agents of civil society are actors of CSR: workers, consumers and interested citizens' groups, represented by social institutions like trade unions, consumers and users organizations, institutions of responsible investment and a broad range of associations, foundations and Non Governmental Organizations defending the sustainability of and the respect to the environment, those active in development and humanitarian assistance, defenders of a fairer socio-economic architecture throughout the world,

defenders of family or professional associations, defence of civil liberties or promotion of CSR and Social Economy.

6. The social nature of the CSR.

CSR is a process of the society itself, in three precise dimensions.

It is a process that has started in the society and is developed in it.

On the other hand, its main actors are the different social agents mentioned above.

Finally, its objective is social, because its purpose is to improve the social function of the enterprise, beyond the legislation in force, and proving its responsibility concerning all actors who take part in, or benefit from, the results of the output process. As indicated by its own name, it is about the “social” responsibility of the enterprise, i.e., its responsibility before the society.

7. The CSR as a dialogue and social agreement process

CSR should be developed through dialogue and agreement with all stakeholders concerned.

The result to be sought should be to reach social responsibility practices of the enterprises that are the fruit of a process of dialogue and agreement with all stakeholders concerned.

8. Public CSR-policies

Public authorities should facilitate the good development of this dialogue process taking into account enterprises and organisations on the one hand and the concerned parties of the society on the other hand.

But, beyond this, public authorities may take an active and positive position by supporting the responsible development of the enterprises in a way that in the years to come and according to the sensitivity and demand of the citizens, Spanish enterprises adopt a responsible management in Spain and in their activities abroad, in their own field of action and also involving their providers and subcontractors.

CSR contributes to the integral improvement of the management quality, and to a more positive role with all stakeholders and with the society. To that extent,

mainstreaming the CSR-practices may have a double social usefulness: boosting the positive contributions of the enterprises to the society and particularly consolidating a more consistent, efficient and competitive business tissue. Its mainstreaming can therefore strengthen the competitiveness of the national economy and its development capacity. It seems therefore that it is absolutely logical and positive that Public Administrations consider it to boost and extend CSR, since it is something clearly convenient for the national economy and for the society.

Public authorities may and should apply public policies like the following:

- 1) Policies and incentives for CSR, applied not only to big enterprises but also to SMEs.
- 2) Crucial aspects giving credibility and rigor to CSR should be ruled and mainstreamed: that the enterprises report to the stakeholders and to the society at large, and that the reports are verified.
- 3) A promotion task, i.e., education and training, information and technical support for the development of CSR among the different agents of civil society, in the society at large and particularly among enterprises and their managers.
- 4) Consolidating the voice of the concerned parties, i.e., consumers, workers, organizations of the civil society interested in the enterprise, environmental, of Human Rights, development, etc.
- 5) Mediation between these and the enterprises, by setting up instruments for discussion and agreement.
- 6) Public authorities should also promote the same patterns of responsible behaviour that they try to promote in the society within the State itself, in all its economic activities, public enterprises and public institutions.
- 7) Finally, public authorities should use the Social Responsibility criteria as a guide for any administrative rule, in order to protect, among others, the rights of the consumers, not allowing violations of human rights, reaching the observance of the maximum standards of decent work, with no discrimination, respecting the environment and removing any form of corruption, as well as any other aspect where a lack of protection of basic rights is identified.

9. CSR and socially responsible investments.

In as much as there is already a move by some investors to require a responsible behaviour from the enterprises, funding institutions are answering to this requirement with the so-called ethic or socially responsible products. The so-called socially responsible investments have become an important positive lever for change in this new development of the enterprises.

IV WORKING SESSION OF THE CSR-EXPERTS FORUM

The CSR Report as a driving force for Social Responsibility

1. Introduction to the document

The first working document of the Experts' Forum on Corporate Social Responsibility, issued in July 2005 by the Ministry of Labour and Social Affairs, included in point 8.2, under the epigraph "*Public policies on Corporate Social Responsibility*", the following statement:

"The crucial aspects giving credibility and rigor to CSR should be ruled and mainstreamed: information of the enterprises to the interested parties and to society at large and verification of the said information".

The present document develops the mentioned point 8.2 of the first working document of this Forum, since there is a need to create an objective and transparent framework of reference that gives credibility and rigor to CSR.

The Public Administration is in favour of maximum objective and verifiable information on CSR-policies and practices and therefore wants to promote the standardization of the basic information of the organizations in matters of CSR, which will be different according to the specific circumstances of their activity. This information will be useful as a base for possible public policies to boost and promote CSR.

2. The information system for matters related to the CSR and to the CSR-report

The process to report about CSR-matters represents the systematic attitude of the enterprises for the management of their CSR and for the dissemination of their practices among different stakeholders in different points in time of an economic year. In this process, the CSR-report is the corollary of an efficient information system and also its core part, although it doesn't need to be its single piece.

Consequently, it is distinguished between the CSR-information system, as an on-going process, and the CSR-report, as a picture of a given period or conclusion of an economic year.

Therefore:

- **The CSR-information system** is a tool of particular usefulness for the enterprises and organizations that introduce it, because it will allow them to improve their management, since it both makes their objectives explicit and

comparable, and it counts on operational indicators that will follow-up their improvements in achieving them, spotting possible deviations from the objectives initially set, and giving value to its culture, policies and strategies for the rest of the organization.

Likewise, a CSR-information system in a broad sense can make possible a periodical development of dialogue, on homogeneous and generally accepted bases, between the enterprises, the stakeholders and the society at large, as an essential requirement to strengthen confidence, cooperation and commitment of all actors with the social responsibility and sustainable development objectives.

- **The CSR-report** is the most visible and systematized of an information system on CSR. Understood in this way, the CSR-report is a published document and that, through qualitative and quantitative indicators, shows the result and the economic, social and environmental impact of the organization within a given period of time. It should contain quantifiable, checkable and verifiable data, and they should be expressed in an objective and impartial way, in a way that it gives the interested parties a better supported opinion on the contents of the published information.

These concepts are in line with the statement made in the Communication of the European Commission in July 2002, when it states that “*the enterprises should integrate in their operations the economic, social and environmental consequences*” through the adoption of “*social responsibility practices that are credible and transparent*” and that, “*transparency is an essential component in the debate on corporate social responsibility, since it contributes to improve their practices and behaviour, while allowing enterprises and third parties to quantify the obtained results*”.

3. Objectives of the CSR-report

The CSR-Report tries to give an answer to given features in the life of the institutions, and its objectives are specifically the following:

- *Public commitment with the stakeholders:* The Report is an answer to the need of the enterprises to communicate up to which point are the public commitments with sustainability being fulfilled, as well as the necessary corrective measures and, if applicable, the deviations and the explanation for them. It is the tool that allows to facilitate the right of the stakeholders to information on the activity of an organization, and it becomes a basic piece to ensure the full transparency of its management.
- *Requirements of the Market.* A growing number of consumers requires from the enterprises more transparency and true information on its business, not only from the economic and financial point of view, but from a broad social and environmental dimension. This is due to the role of the enterprise in

achieving the sustainability objectives, highlighted in the Lisbon Summit and later in Nice.

On the other hand, the investors, individual and institutional, require information from the enterprise, beyond the strictly economic-financial information, considering social and environmental criteria in its management and control of risks.

In this sense there are other more explicit initiatives, like the Socially Responsible Investment Funds and those of the financial institutions which base their activity as a whole on sustainability criteria.

- *Internal and external transparency:* The CSR-Report answers to the requirements of good corporate practices and to the rules on transparency derived from national and international law, as well as to the growing need to strengthen and consolidate the confidence in the social commitment of public and private corporations.
- *Materiality and relevance of the information.* The CSR-Report is first and foremost a mechanism to account for to the stakeholders and to the Society. Therefore, a prime objective of it is to provide the relevant information that has to do with human rights, industrial relations, environment, fight against corruption and other CSR-practices, most of them included in international treaties, conventions and compromises in matters of CSR. This information becomes more relevant the bigger is the size of the enterprise, the scope of its activity, the variety of the trans-national geographical milieu where that is carried out, the international or global social and environmental risks associated to its business and the public support to its internationalization.
- *The need to show the progress in CSR.* A reporting system allows enterprises and organizations to periodically inform on the measures that they are taking to advance in matters of corporate social responsibility, and induces them to do so.
- *Integrating CSR in the corporate management.* Setting up a reporting system with the suited indicators helps, and stimulates to do so, to integrate CSR in the corporate management, besides easing the analysis and communication of the achievements made to the stakeholders and to the Society.

4. About the need to stimulate the CSR-report in Spain

During the last 4 years, CSR has been a practice taken on mainly by the big enterprises quoted in the Stock Exchange Market.

In 2002, 13 enterprises made annual CSR-reports, Corporate Social Responsibility or Sustainability, all of them names that are being used by the enterprises as equivalent. Only 3 of them were subject to external checking.

In September 2005, the number of quoted enterprises that made annual reports grew to 25, and 11 of them were subject to external checking.

In view of these data, it could be said that, although progress has been made, the CSR-Report has not extended to all Spanish enterprises, and therefore it is necessary that public authorities adopt measures that create a favourable atmosphere for the enterprises to prepare Annual Reports on Responsibility in Spain, considering that:

- First: The CSR-Report is a practice of those enterprises, organizations and institutions that show to the community the facts on which they base their CSR-policies concerning the interested parties and the progress made along the year.
- Second: The CSR-Report is not the only an information tool for an organization of whatever kind to make known the commitments that are beyond the sheer fulfilment of its legal duties before all stakeholders, particularly the workers and the consumers. In the same way, also the reports to regulating bodies, and to any body of the Public Administrations, on the matters related to social, environmental, working and competition aspects, among others, will be considered.
- Third. The CSR-Report and the information system supporting it are pieces of a framework for the progressive promotion of CSR. The progression at introducing CSR in enterprises and institutions starts with practices of CSR; it goes on with a management policy; it grows by working out reports to see the progress of their actions; it grows further with the assessment of the policies applied and by setting up objectives for improvement; and it ends with checking the CSR-reports.
- Fourth. Public authorities will launch a policy to promote a CSR-Report which takes into consideration the following aspects: technical support to enterprises; catalogue of information tools; good information practices; profile of enterprises and institutions included in the promotion policy; themes and measurement indicators that may be included in the CSR-Report; verifiers and the role of their verifying activity; advertising and transparency of the CSR-Report. These aspects could constitute the basic lines of these policies. Furthermore, public authorities will present CSR to the SME as an element for competitiveness.
- Fifth. The rules and agreements that, due to their universal and representative nature, are international, such as the UN Global Compact on human rights, industrial relations, environment and fight against corruption; the tripartite declaration of principles on multinational enterprises and the social policy of the International Labour Organization (ILO); the guidelines of the Organization for Cooperation and Economic Development (OECD) for

multinational enterprises; and guidelines of Global Reporting Initiative (GRI) are, among others, suited guides to establish the general framework for the contents of the CSR-Reports. In the Member States of the European Union, the contents and specific sizes of CSR and the kind of data and information that they should include will also have a direct relation with the need for an active commitment of the private sector of the economy with the objectives of economic growth, creation of jobs, social progress and protection of the environment included in the Lisbon Agenda and in the agreements of the Council for the development of the European strategy for sustainable development.

- Sixth. As a framework of reference to draw the CSR-reports, the Report of the European Economic and Social Committee on the subject “*Instruments for reporting and assessing the corporate social responsibility in a global economy*” (2005/C286/04) of 8 June 2005 will be taken into account as a last resort.
- Seventh. The future Council on Corporate Social Responsibility will take on among its functions those that boost the introduction of the public promotion policy in matters of reporting on CSR, following the parameters set in this document.
- Eighth. The Government will promote the Spanish presence in international forums where proposals for reporting on CSR are developed, as well as the dissemination of the results and conclusions reached in Spain in this field.

V WORKING SESSION OF THE FORUM OF EXPERTS IN SRE

The development of Corporate Social Responsibility in Spain

As stated in the document approved in the fourth session of the Forum on “The CSR-Report as a driving force of Social Responsibility”, the process to build in the management the responsibility requirements starts by carrying out practices of CSR; it goes on with the organization of a management policy; it is enriched by preparing reports that allow to test the progress made; it grows with the assessment of the policies undertaken by setting up improvement objectives that can later be verified and it culminates in the mainstreaming of the corporate management.

Once the progressive nature of the development of social responsibility practices and policies has been accepted, the first piece of information to be highlighted is that the development of CSR in Spain was still very incipient and embryonic until 2003. Although the public debate on SRE reached Spain some years later than it did to other European countries and only after the Lisbon Summit, from 2003 onwards, the number of initiatives promoted by the enterprises and by the most different organizations and institutions has been extraordinary. Furthermore, this development took place practically in every Autonomous Community.

1. Relevant indicators on the development of CSR in Spain

The number of reports on sustainability published by the enterprises is one of the most revealing indicators for the notable pace of development of CSR in Spain during the last three years. In 2006, out of the 163 enterprises from 33 countries preparing their social reports in accordance with the guides of the Global Reporting Initiative, GRI, 31 were Spanish enterprises³, as compared to 10 from the USA, 8 from the United Kingdom, 8 from Canada, 7 from Italy or 6 from Germany. Other complementary data are those offered by the empiric research studies carried out in Spain in recent years, like the study “Responsibility culture, policies and practices of the enterprises quoted in the Stock Exchange” (University Rey Juan Carlos) about the reports on sustainability in the economic year 2004 published by the enterprises quoted in Ibex 35 and in the Spanish continuous stock exchange market. Out of the 35 Ibex enterprises, eighteen published independent reports, and other thirteen chose to include a social chapter in their annual company report. Likewise, another fifteen quoted companies published an independent report, and in other sixteen cases social information is included in the company report. On the other hand, there are CSR-initiatives that are implicit in the actions of the enterprises, which, although not reflected in sustainability reports, are nevertheless developed in a unmistakable way, as it happens in the field of SMEs.

By publishing this kind of reports, the companies make doubtless a beneficial exercise of transparency and accountability towards the stakeholders, the public and the society as a whole on their policies, practices and results in the field of social responsibilities management, and they are a true indicator of the significance and the scope of the changes that are going on. The most striking piece of information is that concepts like justice, fairness, human rights, integration, social cohesion and progress, which traditionally had not been taken into account in the management of enterprises are now built in managerial thinking and are repeatedly used in the reports to back up the objectives and strategy of the enterprises.

Likewise, the number of initiatives to support and promote the CSR has grown significantly, in many cases with the enterprises playing the main role through different alliances and associations, as well as sometimes other organizations of civil society, different social institutions and public administrations and authorities.

As this is concerned, it is necessary to highlight the role played in the public discussion by the Experts’ Forum set up on the initiative of the Government and coordinated by the Ministry of Labour and Social Affairs, or the setting up in 2005 of the parliamentary sub-commission in the Chamber of Deputies

³ Also other organizations that are not specifically private enterprises, like hospitals, public enterprises and even a non-profit-making professional organization are registered, although it should be pointed out that this is an extremely peculiar phenomenon that cannot be assessed when making a comparison with other countries.

(Congreso de los Diputados), whose conclusions and recommendations report was approved in June 2006.

The setting up of organizations, associations, foundations, forums, specific University chairs and postgraduate training, that are playing an active role in stimulating the public debate, in promoting innovative responsibility practices, and in generating common points between the different social actors and increasing the acquaintance with the CSR-concept and its different dimensions should specially be highlighted.

The setting up at the end of 2004 of the Spanish Association of the UN Global Compact (ASEPAM in its Spanish initials) is also relevant. More than two hundred affiliated Spanish enterprises endorse the ten principles of respect to human rights, the 1979 UN convention on the removal of all forms of discrimination against women, the conventions of the International Labour Organization (ILO) relating to fundamental rights at work, the environmental responsibility criteria endorsed by the United Nations and the fight against corruption.

The nature itself of the indicators on development of CSR in Spain offers different initiatives of public authorities aiming at reinforcing regulations and mechanisms for monitoring the good governance practices of the enterprises, like the Transparency Act passed by Spain in July 2003 or the Unified Code of Good Governance put forward by the Conthe Commission in 2005 and introduced in 2006. The draft Organic Law on Equality between Women and Men approved by the Government in June 2006 will have a positive impact on the development of SRE, as will the Bill on Contracts by the Public Sector or the new penalties included in the Bill on Environmental Responsibility to be imposed for damages caused to the environment. Besides, the Act on equal opportunities, non discrimination and universal accessibility for persons with disabilities, passed in December 2003, could also be mentioned, as could the more recent Act on the Promotion of Personal Autonomy and Care to the Persons in Situations of Dependency, that culminates the process launched with the submission of the “White Paper on Dependency in Spain” in December 2004. The effects that, in terms of promotion of the responsibility of enterprises, will have the agreement between the Government and the social partners for the improvement of growth and employment, signed on 9 May 2006 should also be taken in consideration, In the same line, progress has been made in introducing social responsible actions in the Public Administration itself with the different stakeholders. Thus, the workers employed by the Administration enjoy measures to reconcile their working and their family life that were included in the “Plan Concilia”; by agreement of the Cabinet of 4 March 2005, the Plan for Gender Equality in the General State Administration was launched; 5% of public employment is reserved for persons with disabilities since the approval of Royal Decree 2271/2004 of 3 December, regulating the access to public employment and the provision of jobs of persons with disabilities; a plan to improve the accessibility of the Public Administration for persons with disabilities is being implemented, and since the Agreement of the Cabinet on 18 February 2005 there is a programme of good governance actions for senior officials of the General State Administration.

Although in a different sense, the fame reached by Spain in recent years due to its sustainability rates, like the Dow Jones Sustainability or the British rate FTSE4Good, which since 2001 include year after year a higher number of Spanish enterprises, should also be positively valued. These rates assess the good practices of enterprises in their relations with investors and shareholders, and, to a lesser degree, the implementation of responsible social and environmental policies.

It is necessary to stress that, according to opinion polls, the entrepreneurial community acknowledges CSR as a factor for the development of enterprises of growing significance, specially in the case of directors and managers of the big companies in the most developed countries. The need to adopt a view of growth that is more in line with the requirements of sustainable development is also admitted. This is stated for instance in the survey made by The Economist (Intelligence Unit) in October 2004: 85 percent of interviewed institutional managers and investors consider CSR as a core and significant aspect for decision making in business⁴ The surveys made in Spain in recent years show similar results. We have evidences of the numerous public statements by the managers of our biggest enterprises in favour of CSR and sustainable development.

2. The difficulties encountered when assessing the changes

One of the first results of the debate on CSR is that the integration of the responsibility principles into the Community *acquis* and the institutionalization of the sustainability objectives, included as true axles of the European policy, have favoured the formal incorporation of the new responsibility requirements into the philosophy of the enterprises and of all European actors. However, although the identification of the enterprises' responsibilities with the objectives of sustainable development enjoys nowadays a growing consensus in Spain, and that this new philosophy has been adopted, to a higher or lower degree, by broader and broader aspects of the business world, it is true that that there is still a long way to go in real progress of sustainability.

Doubtless it can be said that there is a growing new sensitivity of the enterprises for "the social" and that the enterprises have openly made some commitments with CSR, but this fact is not sufficient to allow for a statement on the degree of penetration of the responsibility-in-management and in decision making of the enterprises culture, since, without any other data and complementary assessments, appraisals, statements and opinions of the business leaders allow to state that the enterprises have been interested in the development of a given opinion and public image strategy, as shown in different research studies, as well as in the visualization of a management philosophy in accordance with the new

⁴ 136 directors and senior managers of big enterprises in the Member Status of the European Union and 65 representatives of the main European institutional investors took part in the survey.

requirements and social demands, and with the growing intellectual success of CSR and sustainable development.

A higher concern of the enterprises concerning their international responsibilities and their policies and social actions in developing countries is also easily noticeable, as shown by the warm reception in Spain of the Global Compact initiative, proposed by Kofi Annan, General Secretary of United Nations. This initiative is doubtless positive, as is the need of the enterprises to give much more acknowledgement and respect to the criteria laid down by the fundamental ILO agreements and by the OECD guidelines for multinational enterprises. However, this kind of international recommendations, regardless of the already known difficulties to carry out independent assessment and control of the degree of fulfilment of recommendations which, in many cases, are too generic, with a scope which is basically limited to the operations of the companies in countries with loose legislations in matters of human rights, labour and social rights and protection of the environment, since in developed countries, particularly the Member States of the European Union, as is the case of Spain, laws and regulations provide for legal rights and obligations that are tighter than those provided for in the recommendations of the international multilateral organizations.

Much more difficult is it to make any statement on the specific advances made in other concrete dimensions of responsibility, like those concerning the relations of the enterprises with the interested parties or stakeholders, or on the existence and scope of the devices or mechanisms for information, consultation and dialogue with these groups, beyond the legal obligations of the enterprise in each case, as it also happens with the relations with its employees.

Generally speaking, from the sustainability reports of the enterprises it cannot be clearly inferred which is the degree of satisfaction of each group with the approach and the results of the dialogue process, mainly in relation to the primary interested parties: shareholders, employees, customers, as well as providers, distributors and main partners in the business of the enterprise.

The sustainability reports do not allow either to precisely determine the real advances reached in responsibility dimensions that, beyond the international commitments of the enterprises, concern questions like those included in the common working agenda put forward to the enterprises in the Communication of the European Commission of March 2006 – “Implementing the association for growth and employment: Making out of Europe an excellence pole of social responsibility of the enterprises” -, and that includes objectives like one of the highest degrees of integration into work and social inclusion, specially by hiring more workers from groups at high risk of exclusion; more investments in the development of capabilities, continuous training and employability; improvements in public health care, as a result of voluntary initiatives of the enterprises in the field of dietary health; more efforts in the development of innovations that address problems of the society, and creating an environment at work that is more stimulating for the involvement of all employees in the innovation processes or in a more rational use of natural resources and the voluntary adoption of systems for environmental management.

The conclusions on the content of the sustainability reports for the economic year 2004, in accordance with the 2005 report of the Observatory for Corporate Social Responsibility, allow to see a clear trend to increase in the IBEX 35 enterprises including in their annual reports some kind of information on aspects relating to social responsibilities (88,5%). The appraisal of the quality of the information on CSR-management systems, although it has increased as compared to 2003, is still in a partial stage and very far from fulfilling the requirements laid down by the assessment tools used (GRI and AA1000).

In the field of SMEs, CSR is still not seen as an element of competitive advantage and as tool capable to generate value for the enterprise and for the community with which it lives. Although some progress is now being made in terms of knowledge (as shown by concrete facts, like the adherence of 38 SMEs to the Spanish Association of the Global Compact, which means 22% of the total of 76 adhered enterprises), these organizations certainly lack capacity to share CSR-practices already in place. Therefore, it seems to be necessary to carry out awareness raising, promotion and dissemination work on CSR in the field of the SMEs.

Along with the broad and detailed listing of social and cultural activities and programmes subsidised or fostered by the enterprises, the declaration of principles on sustainable development and the responsibility or support given to the initiatives of international multilateral organizations, little information and few specific data are offered in the reports on policies and results of management in the fields of responsibility that constitute the most important axles of the European debate on CSR, and in many cases it is extremely difficult to separate the sheer compliance with the law from the innovative and voluntary practices. On the other hand, the general information from public sources do not allow to infer any real advance of the enterprises in the management of their responsibilities. However, in the year 2004, comparing the average score with that for 2003, a widespread advance in the quality of the information contributed can be clearly seen, both in each one of the axles for the analysis of the said report and in the total result, where the average score has raised by 26%. Doubtless the pressure of the different stakeholders is one of the reasons behind this trend towards communication of CSR-aspects.

Public authorities cannot keep out of the advance process of CSR and therefore, in collaboration with the enterprises, they should boost the actions favouring corporate social responsibility as another element to contribute to sustainable development and to the strategy for growth and employment.

ANNEX

Below, the Internet-addresses of organizations with reports on the situation of the Spanish enterprises in matters of Social Responsibility of the Enterprises:

- AENOR. Asociación Española de Normalización y Certificación. www.aenor.es
- Amnistía Internacional. www.amnesty.org
- APIE. Asociación de Periodistas de Información Económica. www.apie.es
- ASGECO. Asociación General de Consumidores. www.asgeco.org
- Asociación Española de Fundaciones. www.fundaciones.org
- Ayuda en Accion. www.ayudaenaccion.org
- Cáritas Española. www.caritas.es
- CECA. Confederación Española de Cajas de Ahorros. www.ceca.es
- CECU. Confederación de Consumidores y Usuarios. www.ceu.es
- CEPES. Confederación Empresarial Española de Economía Social. www.cepes.es
- CERMI. Comité Español de Representantes de Personas con Discapacidad. www.cermi.es
- Club de la Excelencia en Sostenibilidad. www.clubexcelencia.org
- Cruz Roja Española. www.cruzroja.es
- Escuela de Negocios EOI. www.eoi.es
- Foro de Reputación Corporativa. www.reputacioncorporativa.org
- Fundación Carolina. www.fundacioncarolina.es
- Fundación CIES. Centro de Investigación de Economía y Sociedad. www.grupcies.com
- Fundación CONAMA. www.conama.org
- Fundación Economía y Desarrollo. www.ecodes.org
- Fundación Empresa y Sociedad. www.empresaysociedad.org
- Fundación Entorno. www.fundacionentorno.org
- Fundación ETNOR. www.etnor.org
- Fundación Eroski. www.eroski.es
- Fundación Forética. www.foretica.es
- Fundación + family. www.masfamilia.org
- Fundación ONCE. www.fundaciononce.es
- Instituto de la Empresa Familiar. www.iefamiliar.com
- ESADE. Instituto Persona Empresa y Sociedad . www.esade.es
- Intermon Oxfam. www.intermonoxfam.org
- Observatorio de la Responsabilidad Social. www.observatiosc.org
- Pacto Mundial ASEPAM. www.pactomundial.org
- Premios MSD. www.msd.es
- Reputación, marca y RSC. www.telefonica.es
- Universidad Nacional de Educación a Distancia. www.uned.es
- Universidad Rey Juan Carlos. www.urjc.es
- Universitat de Valencia. www.uv.es

VI WORKING SESSION OF EXPERTS IN CSR

The public policies for the promotion and development of the Corporate Social Responsibility in Spain

1. The need for a public policy to promote CSR

The first part of the document on definition and scope of the CSR, approved after the first three working sessions of the Experts' Forum set up in March 2005 on the initiative of the Ministry of Labour and Social Affairs was published under the title "The context of the European Union in matters of CSR, as a framework for the policies and rules to be implemented in Spain".

The consensus reached after the first three working sessions of the Experts' Forum, with the exceptions expressed by some of the member organizations, means an unquestionable step forward, as it has been accepted that the initiatives of the Council, the Commission and the European Parliament, as well as the working documents and lines of action agreed in the European framework should be considered as a starting point to discuss the public policies on CSR⁵ that may be implemented in Spain, both at the level of the central Administration and in the competence field of autonomous governments and local corporations.

Also reasons of legal nature justify the involvement of public authorities in trying to reach a more responsible behaviour of the economic agents of one country. The Spanish Constitution determines that international treaties duly published in Spain will become part of the Spanish internal code (*Spanish Constitution, Art. 96.1*). In the case of the treaties relating to human rights, these legal effects are even reinforced, since, in accordance with Art. 10.2 of the Spanish Constitution, the rules relating to fundamental rights and freedoms in Spain will be interpreted in accordance with the Universal Declaration of Human Rights (1948) and the international treaties and agreements on the same matters that have been ratified by Spain.

The aspects of social responsibility should therefore be considered both of public and of private interest, since the decisions on the use, consumption and deterioration of the natural, social and human capital concern the present and future society as a whole.

The most important meaning of the CSR-concept is the civic requirement of more co-responsibility of the different institutions and of all economic, political and social actors for the objectives of achieving a more prosperous community,

⁵ The following are mentioned in the document: The European Lisbon Summit in 2000, the Social Agenda approved in the Nice Summit of December 2000, the Green Paper of July 2001, the Communication of the Commission of July 2002, the Social Agenda of February 2005, and the conclusions of the Multistakeholder Forum and of the High Level Group of Representatives of the Governments and of the European Parliament.

with higher levels of justice and fairness and with a cleaner and surer environment.

The first document of the CSR-Forum set up by the Ministry of Labour and Social Affairs (MTAS), states in paragraph 8: *“Public authorities will facilitate the smooth development of this dialogue process, taking into account the enterprises and organizations on the one hand and the stakeholders of the society on the other hand”*.

Besides the processes of continuous improvement and self-regulation in which the enterprise is involved, it is necessary that the public administration takes on an active role through promotion policies towards a management that is more responsible to the society and to the environment.

It should be kept in mind that the European strategy for sustainable development, that also inspires the public policies promoted in Spain, is the axle of the objectives to be integrated by the enterprises into their management policies and practices, as well as the main reference to specify their social responsibilities, in order to be consistent with the policies included in the Lisbon Agenda, in the agreements of the European Council and in the strategy adopted by Spain in matters of growth and development.

The declaration pro Social Dialogue – “Competitiveness, regular employment and social cohesion” – signed in July 2004 by the Government, the employers’ organizations and the trade unions, where it is stated that it is a shared objective that the Spanish society reaches higher standards of economic development, quality of employment, social wellbeing, territorial cohesion and environmental sustainability, highlights this responsibility for the future in an unmistakable way, which the private sector of the economy should share with the institutions and public authorities. As a consequence of the mentioned statement, a series of agreements resulting from Social Dialogue have already arisen, including some on the following matters: For the improvement of growth and employment, on training for employment, on measures in matters of Social Security, for the improvement of the protection against unemployment of agricultural workers, as well as – concerning immigration – the strategic Plan for citizenship and integration. Further social dialogue is being developed with the social partners on security and health at work and on the more specific social responsibility of the enterprises.

It is about a general view of development, that requires a new definition of the aims of the economic activity and of the approach for the management of the enterprises, to include the responsibility of their managers for the triple objective of giving rise to wealth, social cohesion and protection of the environment. And this is doubtless the precise meaning of the present public debate on CSR, particularly in Europe. We are therefore before a debate whose most important objective is to determine how to improve the contribution of the enterprises to a higher strength of the European social model and to the solution of the main problems and economic, social and environmental challenges that we face both in the different Member States of the European Union and in those with which the Union interacts.

With this general prospect and taking into special consideration the Recommendations of the Report by the Parliamentary Sub-Commission to boost and promote the Corporate Social Responsibility ⁶, the public policy to develop the CSR should combine the promotion of voluntary initiatives in responsible business policies and practices and the search for agreements, both in the framework of the Social Dialogue and in processes with broader bases that involve other social actors, as well as the enactment of rules for the economic activity, and of legislation that contributes at a given time to favour responsible behaviours of the economic actors with a higher effectiveness.

Spain has several public initiatives both at local and at national level, but it is necessary to shape in a coordinated way the development of public policies pro CSR to be mainstreamed from the Central Administration.

The State can use its relations with the enterprise to include CSR-issues in its field of action as contractor, consumer, investor or financial agent. But beyond this, public authorities may adopt a positive and active action by supporting the responsible development of the enterprises in a way that in the next years and in accordance with the legislation in force, and with the sensitivity and the demand of the citizens, Spanish enterprises adopt a responsible management in its activities in Spain and abroad.

On the other hand, CSR can contribute to the integral improvement of the management quality of the enterprise and to it playing a more positive role with all its stakeholders and with the society. To that extent, mainstreaming the CSR-practices may have a double social use:

- to boost the positive contributions of the enterprises to the community.
- to consolidate a more consistent, efficient and competitive entrepreneurial tissue.

Its mainstreaming may therefore strengthen the competitiveness of the national economy and its capability to develop. It seems therefore absolutely logical and positive that Public Administrations consider the stimulus to and the extension of CSR, understanding it as something clearly convenient for the national economy and community.

2. Proposals for the promotion and development of CSR in Spain

2.1 Informing the CSR-actors and raising their awareness

Several surveys show that most citizens don't know what is CSR and which meaning and outreach has the discussion on the new responsibilities that the

⁶ Agreement of the Labour and Social Affairs Commission of the Chamber of Deputies on 27 June 2006.

enterprises may take on in the field of their broader relations with the community. The following is therefore necessary:

I. Information campaigns

1. Improving the insight in the concept of CSR by organizing activities to inform the citizens, the enterprises and all social actors, and to raise their awareness.

2. Creating an Internet site, accessible for persons with disabilities, that eases the dissemination of the significant information on CSR, the acquaintance with the most relevant initiatives and experiences, regardless of whether they are national or come from the European Union and third countries, and establishing connections with similar sites.

3. Giving support to the initiatives of the different social and institutional actors that favour a better acquaintance with CSR.

II. For a responsible consumption

4. Promoting the integration of the social responsibility principles into the consumption policies.

5. Promoting the information on civic and responsible consumption addressed to the consumers

6. Giving support to the initiatives to promote CSR of the organizations and institutions defending the rights of the consumers.

7. Promoting the use of labelling (fair trade, ecological labels or others) as a tool to highlight the fulfilment of social and environmental criteria, thus promoting civic or responsible production.⁷

2.2. Participation, knowledge, involvement and co-responsibility

The new thinking on feasible governance requires a higher participation of all parties, an open dialogue, a broad participation and a cooperation based on bargaining and agreements.

⁷ *The Resolution of the European Parliament of 13 March 2007 on social responsibility of the enterprises “a new association” encourages all members of the EU to adopt an European standard label certifying the observance of human and social rights, as well as rights at work.*

This is a strategy for inclusion which finds growing acceptance and influence on the decisions of the European Union, as it is considered that the advances in the reforms agenda for sustainable development will be effective only if the legislative initiatives and the public policies count on a broad consensus in society; and, in order to favour dialogue and agreements, it is first of all necessary that information and knowledge is shared, as well as setting up spaces and networks that allow for involvement and co-responsibility.

III. Promoting the objectives and the philosophy of development in the economic activity and in the responsibility of the enterprises.

8. Promoting research in CSR and sustainable development.

9. Promoting a vision of the economic activity and the management of the enterprises that is guided by the principles of sustainable development and social responsibility.

10. Including in education the study of the principles of social responsibility and sustainable development.

11. Promoting the inclusion of training in matters of CSR in higher education, particularly in matters related to the study of organizations, economy, communication and administration and management of enterprises.

IV. Promoting the capabilities and competences of the social partners for the development of CSR.

12. Giving support to the development of the capabilities to manage the CSR-policies by the enterprises, the trade unions and the civil society.

13. Promoting the education and training in matters of CSR of the business managers, the representatives of the workers and the responsibilities of the different social organizations and the Public Administrations.

14. Favours the knowledge and the exchange of experience and good practices in CSR between enterprises.

2.3 Public Administrations, CSR and Sustainable Development

The Public Administrations should integrate the principles of responsibility into their own management systems and into their relations with third parties. This criterion has also been included in point 7 of paragraph 8 of the first document approved by the Experts' Forum where it is stated that the principles of

responsibility should be the guide for the development of the policies applied by the Administration, “in order to protect the rights of the consumers – among others -, to prevent aggressions to human rights, to reach the maximum observance of decent and non discriminatory labour standards, to respect the environment and to eradicate any kind of corruption, as well as any other aspect where a lack of protection to basic rights is identified”.

Likewise, the Administrations should combine the agreements, both in the framework of social dialogue and in the development of consensus with broader bases, i.e., implying other social actors, with the statutory obligations and the legislative measures to rule the economic activity. Thus, and in accordance with the Community legislation concerning public contracting, the Bill on Contracts by the Public Sector includes clauses of social and environmental nature, like the creation of employment, the recruitment of persons suffering special difficulties for their insertion in the labour market, or the environmental commitments of the enterprises which are awarded the contracts.

Organic Law for effective equality between men and women also provides for policies that apply stimuli and incentives, like the criteria for action by public authorities in matters of contracts awarded by the Public Administrations or that take into account the measures to reconcile personal, labour and family life to grant subsidies. Likewise, new obligations are included, like the need to incorporate Equality Plans into the bargaining of collective agreements. In the same way, the Public Administration should be exemplary in their actions towards their employees, including persons with disabilities, complying with the accessibility requirements and including plans for equality.

V. Promotion of the CSR and of the sustainable development

15. Integrating the CSR approaches and principles of sustainable development in the systems for the management of public affairs, by boosting within the State, in all its economic activities, public enterprises and bodies, the same patterns of responsible behaviour. In this sense, in the case of public supplies, it would imply the requirement of certain requirements in terms of CSR for the contracts with the Administration (public procurement). Approval of codes of behaviour for public employees.

16. Promotion of Socially Responsible Investment (SRI) as a positive ‘gearbox’ for this new development of enterprises. In this sense, the Administration could manage its pension funds and the reserve fund of Social Security through the financial markets, including CSR-criteria in this investment.

17. To include CSR as an informative criterion for granting public aids to the different business sectors, which is of special significance for the enterprises acceding to aids and plans aimed at the internationalization of the enterprises through bodies like CESCE, ICEX or COFIDES, as well as to request information on SRE-practices from the enterprises trying to obtain contracts

funded with FAD-credits, and from those trying to take part in operations of debt conversion through investments.

18. To develop policies to promote and give incentives to CSR, to be applied not only to big enterprises but also to SMEs.

19. To set priorities for public policies that are consistent with the objectives of the Lisbon Agenda in matters of CSR, as well as with the proposals to promote the CSR-practices included in the Communication of the Commission to the European Parliament, the Council and the European Social and Economic Committee of March 2006: “Implementing the association for growth and employment: Making of Europe an Excellence Pole of the Corporate Social Responsibility”.

VI. Encouraging enterprises to report on CSR-practices

Considering the conclusions reached in the IV working session of the Experts’ Forum on CSR, concerning the purpose to facilitate the reporting by the enterprises on the CSR-practices put in place by them, and considering the proposals made to promote the standardization of information in matters of CSR, the following is suggested:

20. That public authorities launch a public policy to promote the Report on CSR that takes into consideration the following aspects:

- (a) Technical support to the enterprises*
- (b) Catalogue of reporting tools*
- (c) Good information practices*
- (d) Profile of the enterprises and institutions included in the promotion policy*
- (e) Subjects and indicators for measurement suitable to be included in the CSR-Report.*
- (f) Auditors and the role of their verifying work.*

21. Providing the National Contact Point (NCP) with adequate resources (financial and technical) to allow this to correctly carry out the double task it has been entrusted with: disseminating the OECD-Guidelines, and applying them in the specific cases that may be submitted to the Contact Point, thus providing a forum for discussion and, if appropriate, affording the access to non contentious, consensual means, like mediation or reconciliation.

2.4 The SMEs in matters of CSR

The SMEs usually find more obstacles to be able to allocate resources for CSR (launching procedures for identification, management and control of social and environmental risks, reporting the triple balance, etc.), and, on the other hand, they may face a lower capacity to diversify and to choose providers and customers, while, furthermore, their influence on the chain of distributors is usually weaker. This is specially worrying when the small or medium enterprise undertakes the way towards internationalization and starts activities in countries of high social and environmental risk. It therefore seems to be advisable to develop specific motivation measures, together with those previously mentioned.

VII Promotion of CSR in SMEs

22 To receive clear and useful information on CSR processes specifically designed according to the needs of the SME. For instance, through brochures like the ones that the UE has already been proposing.

23. To support the CSR-processes in their initial moments, clearing up doubts and giving answers to the controversies that may arise.

24. To acknowledge the steps made to progressively build in the CSR-criteria.

25. To encourage the promotion of joint tools for the SMEs, aimed at achieving objectives in CSR-matters.

2.5 Responsibility, dialogue and cooperation

The Kok⁸ Report states that the Strategy of Europe consists on reconciling the economic dynamism with a higher creation of employment and with the traditional European purpose to progress in social cohesion, fairness and environmental protection. This strategy should integrate – it is stated – the commitment of Europe concerning social cohesion and environment into the core of the output, growth and employment process, in a way that they become part of the competitive advantage of Europe. On the other hand, in the Communication of the Commission to the European Council to re-launch the Lisbon Agenda, it is stated that the public strategy and policies for more economic dynamism, growth and social progress should be the first reference for the responsibility policies and practices of the European enterprises.

⁸ Report by the High Level Group concerning the Lisbon Strategy for growth and employment. 2004

VIII The involvement of the enterprises in development

26. Promoting a higher interest for and a stronger commitment with development by the enterprises, as well as the involvement of the business community in the sustainable development projects and programmes.

27. Easing the involvement of the social partners and representatives of the civil society in the development of the social policies promoted by the local, autonomic and national public authorities.

28. Setting up forums, networks and other forms of articulating cooperation to address the main development problems faced by Spain, like the regeneration of declining areas, the promotion of employment and social cohesion, the development of training and the economy of knowledge, or research and innovation.

29. Setting up the National CSR-Council, where the partners are the representatives of the business organizations, the trade unions and other organizations representing the different sensitivities in the society, as well as the Public Administrations, with the aim to act as an advising and consultative body of the Government.

2.6 The State Council on CSR

The Ministry of Labour and Social Affairs will promote the setting up of a State Council on CSR⁹, as a collegial advising and consultative body of the Government, commissioned with boosting and promoting the CSR-policies, in accordance with the conclusions of the IV working session of the Experts' Forum.

The objectives of the State Council on CSR will be:

- Setting up the framework of reference for the development of the CSR in Spain.
- Promoting the initiatives on CSR, putting forward to the Government measures to achieve this.
- Reporting if appropriate on the regulations in the business and the sectorial field from the point of view of the CSR.
- Putting forward and promoting the standards and characteristics of the sustainability report, as well as the best suited tools to prepare and then verify it.

⁹ The Plenary Session of the Senate approved on 29 May 2007 a motion urging the Government to set up a Council on CSR, as a meeting forum for all stakeholders, keeping a permanent multilateral dialogue on the Social Responsibility of the Enterprises and putting forward to the Government actions to promote the CSR.

- Assessing the development of the CSR in Spain, in the European Union and in third countries, as well as the actions of the Spanish enterprises in matters of CSR both in the national and in the international field, and then report on it.
- Taking part in the national and international forums set up to deal with CSR-issues.

The Council will be made up by members coming from all stakeholders, therefore representatives of the business organizations, trade unions, NGOs (in the fields of defence of the environment and the human rights, social action and disability, among others), consumers and users, social economy and Public Administrations.

The running of the Council will take place through its bodies, which will be the Plenum, the Permanent Commission and the Working Groups.

In order to meet the set objectives, the State Council on CSR will have the functions of issuing experts' reports, preparing research studies, either at the request of the Government or on their own initiative, preparing an annual report and submitting it to the Government, forming an Observatory of CSR in Spain, promoting and encouraging Social Responsibility initiatives by the Enterprises, as well as collaborating and cooperating with other analogous Councils at international, autonomic or local level.

With this purpose, the regulations setting up and ruling the State Council on CSR will be approved.

ANNEX

DOCUMENT SIGNED BY:

- Observatorio de la RSC
- Ayuda en Acción
- CEPES
- CECU, by delegation of the Council of Consumers and Users
- ASGECO, by delegation of the Council of Consumers and Users
- CERMI
- FUNDOSA
- CRUZ ROJA (Red Cross)

1. It is necessary that the Public Administration takes on an active role both by establishing minimum criteria for action that the enterprises should abide by, and by implementing promotion policies seeking a management that is more responsible for the society and for the environment.

2. In accordance with the recommendations made by different authorities, the Governments should develop a legal framework that allows the enterprises to go further in terms of CSR.

3. It is a duty of the State to shape its relations with the enterprise taking into account CSR questions within its field of action as contractor, consumer, investor or fund-granter.

4. The State should establish mechanisms to ease the requirement of liability for the illicit actions carried out by contractors and subcontractors of the enterprises, even more if their action is necessary for the development of the activity in question.

5. The proposals for the promotion and development of the CSR should be prepared basing on, among other references, the reports of the European Parliament (based on the Report by R. Howitt) and of the Parliamentary Sub-commission on CSR; the said proposals should be developed and completed by the State Council on CSR.

6. In order to back a responsible consumption, the State should promote the integration of the principles of responsibility into the policies of design, output, accessibility and consumption of goods and services, while regulating advertising – an

important driver of consumption – for it to be truthful and respectful, avoiding deceitful advertising.

7. It is necessary to create a ruling framework including clauses of social and environmental nature, like the creation of regular employment of good quality, hiring of persons experiencing special difficulties for their insertion in the labour market, the requirements of accessibility and design for everybody, or the environmental commitments of the enterprises which have been awarded contracts, basing on Community law concerning public contracting, as well as setting the lines for collaboration and communication with the consumers and users.

8. Responsible public contracting (works, supplies and assistance), implies the requirement of given conditions in clearly defined terms of CSR (social and environmental), in the performance of the contracts with the Administration, as well as the requirement of guaranteeing the observance of the laws, social, environmental, on non discrimination and equal opportunities, and the appropriate international agreements, throughout the supply chain.

9. The State should be behind the promotion of a set of rules that obliges the managing entities of the investment and pension funds to state whether they include social and environmental criteria in their analysis to select investments, in this way boosting a higher transparency in the financial market, or not.

10. The Administration should promote and give rise to the suitable mechanisms for the Spanish enterprises establishing their chains of supply in developing countries to promote the international principles of fair trade and good governance and to abide by them.

11. The CSR should be included as a criterion to assess the granting of public assistance to the different business sectors. This is of special significance with respect to the enterprises acceding to assistance and plans aimed at the internationalization of the enterprise through bodies like CESCE, ICEX or COFIDES. It is necessary to develop monitoring mechanisms once the assistance has been granted, in order to ensure that the mentioned criteria are being duly met.

12. In future cooperation agreements with developing countries, the State should include chapters on research, monitoring and assistance to overcome social, human and environmental problems in the supply chain of Spanish enterprises settled in the said countries.

13. It is necessary to implement the minimum requirements for the social and environmental report, that allows to homogenize and assess the submitted information. In this sense, there is a need to prepare a regulatory framework for the reports (social, environmental and financial) of the enterprises, where no separation should exist between CSR and aspects of accountability and corporate management.

14. The State should allocate sufficient resources (financial and technical) and legitimacy to the National Contact Point (NCP) to allow this to correctly play the role that it has been assigned.

15. The State should implement policies to promote and give incentives for the SMEs to build-in CSR-policies into their management.

With respect to the running of the State Council on CSR:

16. The Council should be made up of four parties and keep a balance between these parties.

17. The Plenary Meeting of the Council should be held at least three times per year; the Permanent Commission, once per month; and the working groups, as often as the needs and the assigned activity so require it.

Tr. (urgent draft): C. S.