



## Accelerating Corporate Social Responsibility in the new EU Member States and Candidate Countries to promote harmonization, competitiveness, and social cohesion

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### PEER GROUP VISIT TO MADRID, SPAIN, 25-27 February 2008

#### REPORT

Peer group visit to Spain was organized as part of a regional CSR project<sup>1</sup>. Spain is one of the countries leading in CSR issues in Europe with one of the largest UN Global Compact national network (544 members), developed public policies on CSR promotion, established CSR structures on national level and active NGO sector.

Purpose of the study visit was tailored the goal of CSR peer groups, which is to create national CSR agendas in their countries to accelerate the CSR developments. Consequently, the aim of study visit to Spain was to equip members of peer groups with ideas, knowledge and tools to carry out this assignment as well as provide networking possibilities with their peers in Spain. Spanish Global Compact Network coordinator, ASEPAM association, was the local partner in implementing this project activity. Instituto de Empresa Business School kindly hosted the event.

Agenda of the visit was divided into two parts. During the first part of the day, participants heard presentations and had discussions with representatives from Government, NGO and business sectors. The second part of the day was devoted to company visit, namely Endesa. Participants also had possibilities for informal networking.

Regional CSR delegation to Spain consisted of 17 representatives from business sector, Government, trade unions and civil society. During the study visit participants met their peers in Spain working in the field of CSR from such organizations as Asepam (Global Compact Network association), ECODES (renowned Spanish NGO promoting sustainable development through CSR), Ministry of Labour and Instituto de Empresa Business School. They heard about Government's role in promoting and accelerating CSR practices as well as met business companies such as OHL (one of the biggest companies in services and construction), Foretica (promotes CSR in Spain) and ENDESA (leading utility company) to learn about concrete environmentally and socially responsible practices ingrained in every day business life.

The meeting was opened by **Mr. Salvador Garcia-Atance, the Chairman of the Spanish Global Compact (GC) Network**. He introduced the network, its' mission and its' relationship to GC Office in NY. According to Mr. Garcia-Atance, in a few years time there will be a few CSR initiatives in the world and the GC has to be competitive to remain among the very few. GC network in Spain aims to promote CSR (the Network does two different things: learnings, square tables, workshops, mentoring among companies: when large companies work with small companies during workshops; transparency tool – there is criticism from NGOs in Spain that the GC does not verify the transparency of what the companies say, but the Network believes this should not be its' role and it is also beyond the capacity of the Network to verify). 544 participants are in the Network. 180 Communications on Progress (COPs) were presented this year by GC Network. GC should produce efficient systems for transparency. There is a special template for members enabling them to fill the COPs. Mr. Garcia also advised on relationship and expectations from GC Office in NY: they should

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<sup>1</sup> The project is funded by the European Commission and UNDP. Project website: [www.acceleratingcsr.eu](http://www.acceleratingcsr.eu)

not be too high, but suggested to have continuous contact with NY because the connection with the rest of networks through NY works very well.

Role of the business case in Spanish GC success was introduced by **Mr. Joaquin Garralda, the Vice-Dean for Academic Affairs of the Instituto de Empresa**. According to Mr. Garralda, commitment is the first point – three business schools in Spain were very committed. He said that academia is a good starting point, because it is a neutral platform. GC is evolving every day and it is important to share knowledge between companies and academia through developing the idea of learning. The school is trying to involve the future managers in various projects. He suggested identifying key persons in the academia. The key in success was that the persons are very committed.

Questions asked to the first two presenters and responses:

1) *What is the role of GC network in Spain in promoting Government's engagement in CSR?*

**Answer:** *The Government is very active in this front, thus the Network does not really need to convince it. CSR commission exists in the Parliament, now there is a CSR national board (advisory function, no executive functions) created two weeks ago with 50 members (one third will be coming from business, trade union, the board will discuss the issues on CSR).*

2) *What incentives have to be introduced by the Government?*

**Answer:** *There should be no regulation.*

3) *What are the possibilities to develop a European GC network, because we would benefit from regional experience?*

**Answer:** *The Spanish network has tried several times, but the points of view are very different, e.g. UK is very small network of companies, etc. There is no success to develop a formal network. What is possible and what is being done is to exchange information.*

4) *Does the Network promote CSR Alliance?*

**Answer:** *It was not very much promoted by somebody. It is not yet very powerful, there is no issue about this in Spain.*

5) *What administrative structure would you suggest for "housing" CSR?*

**Answer:** *In Spain – the Ministry of Labour is taking the role, but is not accepted widely by the others, each Ministry has its own functions and approaches. Purpose of the newly established CSR Board is to talk about CSR and secondly, to advise to the Government incentives in the area of CSR. It is a next stage after the previously existing forum.*

First part of the stakeholder panel part was lead by **Ms. Eva Ramos, CSR Programme Director of ECODES**, who introduced the perspective of the civil society and how the dialogue between civil society and the government is developing. According to her, stakeholder pressure has a key role in CSR. She mentioned PricewaterhouseCoopers study about the companies' view on stakeholders, the survey showed that only 1% are NGOs, but the Spanish survey showed different results (28%). NGOs involve with business through economic (to get financial resources, but the interesting evolution is investment in social actions by companies to see the impact of the projects) and political relations (to change business policies and practices). Dilemma – how to cooperate with companies at the same time criticizing them. There is an interesting study by Prof. Michael Yaziji in Harvard Business Review about business-NGO relationship. Different NGOs have different approaches to addressing the business: some see business as a risk and target for criticism, others – an opportunity. ECODES started CSR program in 1999 and the aim was to provide incentives to business to promote change (socially responsible investment, good practices, sustainable production, promote civil and public policy regulation, social consumption). They do it through technical assistance, training, analysis of behaviour of companies, knowledge creation and dissemination and advocacy. New index will be launched in Spain. They did a report on 35 case studies (available in Spanish on the web). There is a development about civil regulation when the civil society is promoting certain standards of regulation (e.g. labels, SA8000 as a labour standard).

Questions asked to the presenter and responses:

1) *What would you suggest to do with the NGOs when there is a financial issue at stake: should government support such NGOs or just wait until they are needed on the market?*

**Answer:** it was the same problem in Spain and NGOs still continue to have financial problems, thus it is important that the Government support the NGO active engagement in CSR, as NGOs bring different perspective to CSR.

2) What do you do concretely for consumer awareness?

**Answer:** give signals, information, which companies are sustainable. We do guides for consumers (e.g. Guide on the needs of young consumers was translated to Spanish). Initiative for municipalities while doing public procurement – information on sustainability of participating companies in the tender is being provided to the municipality.

3) Do you understand CSR as voluntary or non-voluntary initiative?

**Answer:** voluntary, but in some countries there are some standards, e.g. as concerns corruption. The presenter suggested aiming not only to change company mentality, but also to work with changing mentality of the society.

The Government role in CSR in Spain was presented by **Mr. Gill Ramos Masjuan, representing the Ministry of Labour (MoL)**. MoL is coordinating CSR activities in Spain. Mr. Masjuan introduced the framework of strategies in public policies. The framework is voluntary, but the Government has a role to ensure the balance. He made reference to Lisbon summit and the EU documents. Focus on consumers (there is an agreement with trade unions and business organizations for e.g. on life-learning, consideration of socially excluded persons in the society). He stressed that the ministry itself has to implement CSR. 3 pillars of public policy on CSR exist. All pillars should be based on discussion with social partners. First pillar – Parliament Commission, which launched the report in 2006 by all political parties – the first document to take to the Government. Secondly, Advisor Committee of experts was created by the Ministry in 2005 (47 members), concluded its' work in 2007. Several reports were produced by the Committee, e.g. on what is CSR- provided a definition of the concept; on reporting; on CSR situation in Spain. 29 recommendations for public policies, representing consensus of 47 members of the Committee were adopted. Focus on: increasing awareness raising and promote CSR information/knowledge and experience exchange, responsible consumption, promote skills development in universities and other business education schools; knowledge and ability of social partners; to facilitate experience exchange; promote socially responsible investments; tried to present the law on pension funds and CSR to the Parliament, but it was not yet successful; export credits, supply chain actions; establishment of CSR priorities; promote reporting of enterprises including facilitating the reporting tools, spreading OECD guidelines, promoting SME participation in CSR through starting support in these enterprises, creating Council of CSR to advise the Government on CSR, etc.). Important document on social dialogue (launched in December 2007), represents the opinion of the Government on CSR. There is a new law on contracts, which requires CSR in application for public procurement. Lastly, CSR Council was created by a Royal Decree of 15 February 2008. MoL promoted the creation of this body. 29 recommendations, agreement on social dialogue, report from the parliament commission are the basis for the Council's work. It will be a multi-stakeholder forum of debate. The Council works on a voluntary basis.

Questions asked to the presenter and responses:

1) Who made a Government strategy for CSR?

**Answer:** Experts made the first draft of strategy, mainly relied on EU documents.

2) How the activities of the Council will be funded?

**Answer:** The funds will be provided by the Ministry of Labour for the activities of the Council.

3) How did you manage to get agreement from all political parties for CSR?

**Answer:** In Spain all parties have perspective on CSR and believed that it is the future, thus it was not difficult to reach agreement. There was only a debate on whether CSR Council should involve only business or also stakeholders.

4) How will the members of CSR Council be selected?

**Answer:** The Government will not be involved in selection; each group represented will elect their representatives. In case of Ministries, there will be those persons who have been most involved in CSR.

5) What are incentives for companies provided by the state?

**Answer:** foreign trade, financial initiatives to help to act in other countries, labels, awards, some tax incentives, but there is no direct financial support to companies.

6) How many people work in the ministry on CSR issues?

**Answer:** *There is a network established between the Ministries for coordination, 4-5 persons work in DG Social Economy in the ministry.*

Second part of the stakeholder panel involved the presentation of **Mr. Jaime Silos, Corporate Development Director of Foretica**, who shared their experience in the area of CSR promotion. The company helps business organisations to implement CSR and also communicate on CSR. Company was established in 1999 and developed SGE21 standard for Spain and Latin America (55 companies are certified in 9 management areas). According to Mr. Silos, to work with CSR it is necessary to work with local companies and incorporate SMEs. On communication aspect there are three pillars: targeting, training and engaging. CSR needs to be with an image, then it is attractive to journalists. He concluded that it is essential to work with consumers, NGOs and generate capacities within business. Mr. Silos presented a very interesting activity that Foretica has done – CSR market place, where companies were presenting projects and CSR practitioners were “buying” the ideas.

The presentation of business representatives was made by **Ms. Eva Dergui from Human Resource Department of OHL**. She introduced the policy of OHL, which is focused on creating very good working conditions for their employees, but she also presented other aspects of OHL policies through UN GC principles. OHL believes that engagement in CSR is stemming from the understanding that there is no other way of doing business in a sustainable way.

Questions asked to the presenter and responses:

1) *How do you ensure the implementation of CSR with regard to your suppliers?*

**Answer:** *we sign agreements with suppliers that involve CSR clause and monitor it, there is a possibility of penalties and termination of contract in case of non-compliance. We also have a guide on this for suppliers.*

2) *Do you receive any support from the state?*

**Answer:** *we received some funds for trainings.*

The presentations and discussions were facilitated by **Ms. Isabel Garro, Managing Director of Asepam**. The participants were asked to complete an exercise on the main developments in their countries on the basis of Spanish experience. The electronic format will be provided after the visit and participants are requested to send their inputs to Asepam. The discussions were followed by a visit to a company. The group visited **ENDESA**, the leading utility company in Spain and Latin America. The company representatives introduced its relationship to the GC, strategic documentation and administrative structure, as well as activities in the area of CSR. Sustainability strategy was started in 2000 and is currently incorporated in “sustainability pyramid”, which involves company strategic plan for 2005-2009; sustainability and environmental plan (2003-2007, now developing a new one); annual action plan; action plans for units and individual targets for Endesa group. All these documents are approved by the Board. The motivation of the company to engage in CSR was mobilised when it was seen that important environmental crisis are going on around and those who do not take care of environment get into trouble. It was also perceived that being sustainable would mean more access to investment funds. The company has sustainability working group (23 members), which is defining Sustainability action plan. The same structure is transferred to subsidiaries. Commitments to CSR involve: conduct, innovation (commitment to efficiency), community, stakeholders, customers, environment and people. Endesa published an internal guide on implementation of GC principles. There is an assurance mechanism, involving: country risk analysis (set of indicators); standard analysis; internal diagnosis (asking subsidiaries to fill in questionnaire); actions proposed and verification. The company considers among its’ main achievements on the way to sustainability the fact that they managed to develop a strategy and mainstream it globally. A video demonstrating one of the projects of Endesa in Brasil (electricity for garbage) was shown to the group. The participants were also showed the premises of the company, which were designed in a special way with renewable energy (sun batteries) to be introduced soon.

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