

CSR-SC The Project of WELFARE MINISTER – 2002

## THE MINISTRY OF WELFARE'S CSR-SC PROJECT

The CSR-SC project presented by the Ministry of Welfare on 13th December 2002, at the Bocconi University, is in line with the European guidelines on corporate social responsibility.

The project assigns an important role to spreading ethical behaviour among enterprises, but its key characteristic is extending this vision, by means of proactive actions, to include **Social Commitments** aimed at "promoting the active participation of enterprises in support of the national and local welfare system, according to advanced public-private integration models".

The Government intends to involve enterprises in financing a part of the welfare policies. The system, which is still being defined, envisages the involvement of all stakeholders. The Government's role shall be, (i) to identify the areas of intervention requiring specific actions, at national and local level, and (ii) to direct resources to priority projects. Enterprises, acting in a perspective of corporate citizenship, can join the projects on a voluntary basis and contribute to the financing of the welfare policies, while the actions shall be managed and carried out directly by the associations and volunteer organizations. For example, the problem of assisting non self-sufficient persons could be tackled and solved jointly by the public sector and the for-profit/non-profit private sector.

Minister Maroni adds, *"according to this new approach to welfare, stakeholders considering themselves socially responsible and who wish to actively intervene in the social field, should do so in accordance with **shared benchmarks**. Only the enterprises joining the projects, besides inherently boosting their **image**, will also qualify for the benefits the Government intends to grant, in connection with this initiative. These benefits shall be of a **fiscal and financial nature**, the former by removing tax exemptions (in respect of contributions made) and the latter by promoting ethical pension funds"*.

Two legislative instruments are currently being approved: (1) the delegated law on fiscal matters, article 3 of which provides for the **removal of tax exemptions** from contributions made by the private sector, including enterprises, in connection with projects concerning families and other social issues, and (2) **social insurance reform** which, following the demobilization of the TFR (end of service allowance fund), shall make available approx. 12 bn euros each year to the supplementary pension market. The Government's objective is to develop so-called 'ethical supplementary pension funds', i.e. funds investing in socially responsible enterprises, a system that is considerably widespread in North European countries, in particular in the UK.

Enterprises have realized that adopting a socially responsible approach can bring only benefits, to the point of carrying out an increasing number of marketing and communication campaigns focusing on social commitment. The Government, therefore, intends to play a part in spreading the culture of social responsibility among enterprises, and deems it increasingly important to protect consumers that reward a responsible social behaviour by enterprises. It has emerged from various surveys that a majority of consumers is more willing to buy the products of ethical companies, even if this means having to pay slightly more for them.

The proposal descends from the need to develop and make up for the lack of a **system of rules** - standards - shared by the stakeholders, for protecting consumers and enterprises that operate correctly, compared to other enterprises that merely exploit the present trends and reap benefits by publicizing untrue social commitment or simply not complying with the law.

The Minister has pointed out that the standard *"shall not be a new form of certification, nor shall it increase red tape"*. Minister Maroni also adds that *"the Government does not intend to impose anything on anybody. The project can be implemented and successful only if it is shared by enterprises. In consideration of this we have adopted a method based on working in partnership with the business community, universities and CSR experts to define shared procedures and viable indicators"*.

Following up on the consultations carried out after the presentation of the project with various stakeholders, the original document has been supplemented and is still in the draft phase.

The Ministry of Welfare accepts the principle of voluntariness on which socially responsible behaviour should be grounded, so it has devised a **two-tier system**, as follows:

### CSR Level

The first tier, called the **CSR Level**, consists of an easily implementable voluntary approach by enterprises through:

- management systems (e.g. ISO approach);
- sector models, such as Responsible Care.

The CSR level shall be accompanied by the issuing of **specific guidelines** for realizing CSR in enterprises, which could be defined with the support of trade associations or other qualified stakeholders.

This level does **not envisage assessment by a third-party body**. The promotion of corporate awareness and the spreading of CSR, according to the approach adopted by the Ministry of Welfare, could be achieved by means of instruments such as Voluntary Agreements or Memoranda of Understanding between private or public/private sector parties.

The explicit goal of the CSR level is to promote a culture of social responsibility among enterprises.

### SC Level

On the contrary, the second tier, called the **SC Level**, shall envisage a specific **assessment procedure**, according to the size of the enterprise concerned. Only at this level the enterprises called on to jointly finance social projects shall benefit from tax allowances and facilitated access to the financial markets through the 'ethical funds'.

Enterprises deciding to join this benefit system shall be required to draw up a **Social Statement** according to a **set of indicators** and based on the principle of social commitment. In other words, in order to qualify as socially responsible, the enterprise must prove that it has passed the compliance level, with regard to certain key indicators (vis-à-vis its nature and the Government priorities).

The set of indicators for drafting the **Social Statement** are modular, flexible and simple, suited to large, medium and small enterprises alike. To qualify for the SC level enterprises shall be required to implement a **self-assessment procedure** (not certification or auditing). Subsequently, conformity by the Social Statement shall be examined by a third party body. This will enable enterprises to qualify for the social projects proposed by the Ministry and for the related tax benefits.

The CSR Working Group set up at the Ministry is currently selecting, in partnership with the Bocconi University and trade associations, about 15 large, medium and small enterprises to test the identified standard, on a voluntary basis. The test phase shall be completed by June, after which it will be clear which parameters can be used by enterprises, both to comply with CSR standards and to qualify for the tax benefits.

Minister Maroni intends to present the Italian proposal in July, at the council of Labour Ministers, and in November, at the European Conference of Venice on CSR. The latter meeting shall be attended by all the European partners, the 10 countries joining the European Union next year and the representatives of 5 host countries. Also in Venice, in the same period, will be held the second session of the *European multi-Stakeholder Forum*, set up by the European Commission to discuss the issues related to corporate social responsibility.

The meeting in November shall represent an extraordinary opportunity for Italy, which will be able to prove that, with regard to CSR, not only has it made up for its previous delay, but that it can also formulate an effective proposal, shared by the business community and useful for society as a whole. It shall be an opportunity to propose the Italian experience as a good practise to all European countries. In December, at the conclusion of the Italian Presidency of the European Council, the Italian Government and the European Commission shall jointly present the CSR Award to the best Italian enterprises that have gained distinction for *best practises* in CSR.