

CONTEXT:

During the last years, a growing tendency to reflect upon the aspects related to the impact of the company in its environment has become evident in the economic, social, political and academic world. Concepts, such as Corporate Social Responsibility (CSR) and Sustainable Development are becoming protagonists in meetings and research in both the public and private sector. However, CSR should not be considered as a “buzzword” nor a passing trend; rather, an innovative upgrade to the business model to consider the relation between companies and their surroundings. When compared to traditional context, protagonists in current times have changed roles and duties, so relations and responsibilities of each player needs to be subject of modification.

Although the concept of CSR is most frequently attributed to the private sector, a strong conviction exists which declares that, in reality, CSR is not a concept exclusive to the business sector because it entails a broader question: What type of society we want to construct and what should be the role played by each of the members who compose it? During recent years, the growing impact of companies in economical, environmental and social transformation within their operating area is unquestionable. The impact of companies on the globalized society should lead to the incorporation of CSR policies in overall business management.

Nevertheless, it is important not to forget that the concepts of CSR and Corporate Justice are also relevant for global public goods. They can be considered to form part of the rights of individuals acting as consumers, employees, citizens and future generations.

ACTUAL SITUATION:

The growing interest of CSR measures has been complimented by the elaboration of reports based on the analysis of concrete areas related to social accountability. Companies, in recent years are progressively extending CSR information in their reports, within their geographical scope and about their products. Nonetheless, there are significant differences amongst companies and even more significant discrepancies between the actual data presented by companies and the requirements measured by international standards.

The current information provided by companies contains, in most cases, severe deficiencies which are reflected in the absence of accountability processes which interpret results and impacts on personal rights.

There is a great asymmetry in the information concerning aspects relevant to business management. In spite of the assertion made by some authors that we are encountering a democratization of the financial system, administrators of listed businesses and managers of institutional funds provide information which is not accessible for consumers and citizens.

Another important aspect lacking of completeness is the differentiation between economical and social/environmental information. Financial aspects like tax payments, performances in tax havens, incentives and subsidies obtained, payment to political parties..., are exceedingly

important for the estimation of a company's impact on society and its contribution to development. It is essential to know how a company contributes to social cohesion, or if it, on the contrary, produces unbalanced accumulation processes between interest groups.

Also, the concept of Corporate Governance is extremely important while the measures undertaken so far have shown to be completely insufficient.

PROPOSALS:

As mistrust and doubt determine our times, the call for transparency of corporative action gets bigger – not only from a financial perspective, but also concerning the social and environmental sphere. In accordance with the Representative of the United Nations, John Ruggie, we demand that the political powers are supposed to guarantee the fulfilment of rights and that companies should respect their implementation. After all, the principles of open market and democracy are based on the respect of fundamental rights and adequate information.

The motivations for providing relevant information on social and environmental aspects are different for each player:

For a company, the motivation to count on true information is induced by the threat of negative economic results produced by reputation damages through alliance with the wrong partner as well as unprofitable investments. Therefore, it is necessary for a business to adapt risk management to factors that go beyond financial ones.

The financial sector is an especially sensitive one: intermediaries can expect to experience damages in their investments if they don't apply ethical and social criteria to their choice of investment portfolio.

For the consumer, the access to relevant information can be considered a right and, at the same time, a necessity when aiming at taking in account sufficient factors for judgment and adoption of responsible consumption.

Non-governmental organizations dedicated to a just and equal development of economic structures rely on complete information to select partners from the private sector that meet their ideals.

Last but not least, public administrations should be interested in better information because of their position as guarantor of democratic values and their obligation of promoting fundamental rights and punishing the vulneration of them, in their entire sphere of influence.

Resulting from all given factors, the European Commission and Parliament should create a normative framework to regulate and standardize the essential aspects of the information. This framework should guarantee:



- Relevant, precise, exhaustive, neutral and comparable information about the social and environmental conduct of the company
- Real accountability for all interest groups
- An adequate degree of integrating social, environmental and economical information
- Information that allows to evaluate a process of continuous improvement based on policies, impacts and results, with the aim to know which policies have been adopted to guarantee certain rights and if they result effective
- Mechanisms of transparency adapted to the recipient of information
- Information that covers and differentiates between all involved geographical areas
- Information that includes aspects related to management of providers and subcontractors
- The establishment of external independent audits which guarantee a process *In Assurance*
- Authorities provide the necessary resources for the information arrive to the citizens
- The constitution of some mechanisms of independent public supervision which guarantee the fulfillment of transparency requirements