



Republic of Bulgaria
ECONOMIC
AND SOCIAL COUNCIL

OPINION

ON "CORPORATE SOCIAL RESPONSIBILITY -ACHIEVEMENTS AND CHALLENGES"

(own-initiative resolution)

The Action Plan for 2015 of the Economic and Social Council included the elaboration of an own-initiative opinion on the subject of

**"Corporate Social Responsibility -Achievements
and Challenges"**

The elaboration of the opinion was assigned to the Social Policy Commission and the Labour, Income, Living Standards and Industrial Relations Commission.

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Dr. Milena Angelova, member of the Standing Commission on Social Policy of the ESC, Secretary General of the Association of Industrial Capital in Bulgaria - were appointed rapporteurs.

At an extended joint meeting held on 29 October 2015, the Social Policy Commission and the Labour Income, Living Standard and Industrial Relations Commission adopted the draft opinion. Representatives of institutions and organizations working in the field of corporate social responsibility were invited to the meeting. It was attended by representatives of the Ministry of Labour and Social Policy, National Corporate Governance Committee, the Association of Directors of Investor Relations in Bulgaria, Bulgarian Network UN Global Compact, the Bulgarian Stock Exchange - Sofia, University of National and World Economy, Institute for Economic Research at the Bulgarian Academy of Sciences, Club Economy 2000, National Initiative "Social Solidarity".

At the Plenary Session held on 27 November 2015 the Economic and Social Council adopted this opinion.

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ABBREVIATIONS USED

BICA	-	Association of Industrial Capital in Bulgaria
BCEA	-	Branch collective employment agreement
GCNB	-	Global Compact Network Bulgaria
BCCI	-	Bulgarian Chamber of Commerce and Industry
BSE	-	Bulgarian Stock Exchange
BBLF	-	Bulgarian Business Leaders Forum
BHR	-	Business and Human Rights
BIA	-	Bulgarian Industrial Association
EC	-	European Commission
EU	-	European Union
ESC	-	Economic and Social Council
CITUB	-	Confederation of Independent Trade Unions in Bulgaria
CEIBG	-	Confederation of Employers and Industrialists in Bulgaria
CSR	-	Corporate social responsibility
CL "Podkrepa"	-	Confederation of Labour "Podkrepa"
MH	-	Ministry of Health Care
MEE	-	Ministry of Economy and Energy
MNC	-	Multinational corporations
MES	-	Ministry of Education and Science
MEW	-	Ministry of Environment and Water
MRDPW	-	Ministry of Regional Development and Public Works
SMEs	-	Small and medium-sized enterprises
MLSP	-	Ministry of Labour and Social Policy
NGOs	-	Non-governmental organizations
NSCSR	-	National Strategy on Corporate Social responsibility
OECD	-	Organisation for Economic Co-operation and Development
UN	-	United Nations
HRC	-	Council on Human Rights of the United Nations

1. CONCLUSIONS AND RECOMMENDATIONS

- 1.1. The Economic and Social Council is of the opinion that *the overall policy to promote the application of corporate social responsibility by Bulgarian companies should be directed to increasing public understanding of the culture and the utility of socially responsible behaviour of businesses in order to create an environment that recognizes and stimulates such behaviour*. We need concrete *measures and actions for the collection and dissemination of best practices, developing the capacity of companies to implement CSR practices and promote transparency as well as disclosure of financial information*. It is a continuous process whose success is only possible with close cooperation between social partners and government institutions as well as the active involvement of other stakeholders.
- 1.2. ESC calls on the state to act in cooperation with social partners and other stakeholders and undertake *measures to increase public understanding of the benefits of CSR by engaging the media, stimulating consumer behaviour and build appropriate business culture of rewarding CSR activities*. In this regard, it should continue to expand and upgrade the practice of successful realization of projects of social partners - both individual and through the performance of joint actions. ESC recommends that the State should not only provide a supportive environment for this, but also to assist with specific measures and programs that underlie also the future development of a CSR Strategy.
- 1.3. Considering the fact that the concept of CSR implies respectively education associated with certain knowledge and skills, ESC notes that disciplines such as "sustainable development", "corporate governance", "corporate social responsibility" and the like are relatively uncommon or are not taught whatsoever in most Bulgarian universities. Therefore, ESC recommends that the State encourages universities and especially state universities, to follow the example of most European universities and include such disciplines in the curricula for teaching economics, business management, public administration, journalism, etc.
- 1.4. The evolution of the public perception of the benefits of socially responsible behaviour of businesses becomes *particularly important in light of the recent serious challenges facing the Bulgarian economy that are present namely due to the absence of such behaviour* - guaranteed through shady contracts high purchase prices of products for which state and society pay; artificially created dominant market position; rigged public tenders. At the

same time, *CSR should not at any rate be used as an indulgence for this kind of companies* - and this again is determined by public opinion. ESC condemns as unacceptable the presentation of compliance with the law as a practice of CSR, as well as compensating not entirely lawful conduct with sporadic CSR activities by some companies. Such practices can unfortunately be observed in Bulgaria. Informed stakeholders in CSR should clearly oppose such an approach, particularly in determining nominees and prize winners in various competitions for good practices in CSR.

- 1.5. The role of companies to disseminate CSR as a model of behaviour is different. Experience in other countries shows that usually *this model is seen in large and structure-determining companies, then usually through supply chains it is spread over smaller companies*. Based on this experience ESC believes that it would be most productive if government policies take account of this *special role of the state and municipal companies, public companies, companies providing services of public interest and companies with a dominant market position*. Again based on international experience, ESC considers that it would be very favourable for the development of CSR to create appropriately tailored to local conditions codes for such companies, like the National Code of Corporate Governance, which will be voluntarily followed the majority of the public companies actively traded on BSE - Sofia.
- 1.6. In light of the unfavourable demographic trends, ESC draws attention to the need for investment of effort by all stakeholders to include *new practices of corporate social responsibility aimed at better balancing personal and professional lives, providing good quality life, active aging*.
- 1.7. ESC holds the opinion that it is essential to focus on *promoting CSR practices aimed at developing local communities, including by encouraging local authorities to develop and implement policies and practices in the field of socially responsible behaviour*.
- 1.8. With a view to the widespread implementation of socially responsible behaviour by companies, efforts should be directed to *"throwing light" on the supply chain (as part of the European and global economy) including protection of human rights, introduction of good labour practices, environmental protection and transparent management*. Serious possibilities in this regard are offered *by the expansion of the practices of disclosure to the companies important to the economy - with state and municipal participation, providers of services of general interest, structure-determining and dominant market position enterprises*.

- 1.9. In partnership with all stakeholders, the government and the social partners need to work actively for ***increasing investor and consumer culture by creating opportunities for informed choice of socially responsible behaviour***. The only way companies will feel the support to invest their resources for the implementation of practices of corporate social responsibility.
- 1.10. ESC notes with regret that despite the increasingly active work which is done globally and after almost ten years of full membership of Bulgaria in the European Union ***a positive perception of CSR, which make it workable and sufficient common business concept, is still lacking in the majority of Bulgarian companies***. There are many reasons for this: ***lack of public culture and appropriate mechanisms for recognizing and rewarding CSR practices; lack of appropriate education to promote ethics as the basis for business relations and to study the long-term benefits of implementing CSR relevant future managers; lack of public culture and appropriate mechanisms leading to rejection of companies that do not respect ethical rules for behaviour. All these topics set future frameworks for cooperation between social partners and government institutions.***

2. INTRODUCTION AND GENERAL BACKGROUND

- 2.1. This opinion ***builds upon the analysis adopted in December 2009 by the Economic and Social Council entitled "Corporate Social Responsibility - Some Approaches and Good Practices"***¹, tracing the development of corporate social responsibility in Bulgaria, as well as the current developments in this field in Europe and the world that have occurred since 2010 until today.
- 2.2. As a full member of the United Nations, Bulgaria actively participates in global discussions and ***supports the creation of a global policy of sustainable development, including CSR policy*** as a part of it.
- 2.2.1. The main international institutions, formulating sustainable development policy and respectively - CSR and tracking its implementation, monitoring and improvement are ***UN General Assembly, United Nations Forum on Climate Change, the United Nations Forum "Business and Human Rights"*** which is held under

¹ Analysis of the Economic and Social Council on Corporate Social Responsibility - some approaches and best practices, ESC/2/012/2009, adopted by the Plenary Session on 18/ December 2009, 2009

the Council of Human Rights of the United Nations (HRC), and the *International Labour Organization*.

- 2.2.2. Some of the founding documents in this direction are: *The objectives of the United Nations Millennium²; the final document of the UN International Conference on Sustainable Development (Rio + 20)³; and the Kyoto Protocol⁴*. They reflect the level of development of the global debate on the topic of CSR and draw the general framework for the implementation of its main results.
- 2.2.3. An equal impact on the development of world politics for the implementation of CSR and hence - its perception in the practices of companies - is achieved by the creation and development of international standards and guidelines defining the framework, which is then refined by individual and national best practices and *outline comprehensive models for the content, main objects and principles for the implementation of the social responsibility of organizations* - such as ISO 26000 Social Responsibility⁵, OECD guidelines for multinational companies⁶ and Principles of Corporate Governance⁷.
- 2.2.4. The new global *Agenda for Sustainable Development 2030 "Transforming Our World" and the consolidated new Sustainable Development Goals⁸* reflect the clear intention of countries worldwide to act actively to inform, create the conditions necessary to motivate businesses within its borders, to commit and assume responsibility to work for their transformation towards more sustainable development in the interest of the people, the planet and human prosperity.
- 2.3. CSR is developed at the global, European and regional level. As a country - member of the European family, the Republic of Bulgaria is a party to the main contractual tools on the theme of sustainable development⁹. In the EU the institutions responsible for various aspects of sustainable development

² <http://www.un.org/millenniumgoals/>.

³ <http://www.uncsd2012.org/>.

⁴ The list of international instruments to which Bulgaria is a party, is presented in Appendix 3 - International acts and initiatives in the field of CSR to which the Republic of Bulgaria is a party.

⁵ <http://www.iso.org/iso/home/standards/iso26000.htm>.

⁶ <http://www.oecd.org/corporate/mne/>.

⁷ <http://www.oecd.org/daf/ca/principles-corporate-governance.htm>.

⁸ <https://sustainabledevelopment.un.org/>.

⁹ References to relevant legislation can be found in Appendices 2 and 3.

are the European Parliament, European Commission, The Council of Europe and the European multilateral forum for CSR.

- 2.3.1. The European Commission regards the issue of the development of corporate social responsibility in the context of sustainability, competitiveness and the innovation potential of the European economy¹⁰ and respectively - enterprises; it advocates that "**CSR benefits include addressing managing risks, reducing costs, gaining access to capital, improving customer relationships and developing human capital**"¹¹. This definition evolved - the dynamic development of practices and scientific advances in the field acquired new dimensions in the renewed European CSR Strategy for the period 2011-2014. European Commission completed the definition of corporate social responsibility, including a "**Corporate responsibility for the impacts on society**"¹².
- 2.3.2. The European Parliament declared that "**corporate social and environmental responsibility must become an integral part of the trade agreements of the European Union**"¹³. This clearly shows the will and ambition of the European Union to extend the application of the concept of corporate social and environmental responsibility actively with respect to its international partners, so that it can be supported by the strength of trade agreements and in particular - of the framework they created for monitoring the implementation of the principles which govern them.
- 2.3.3. The European CSR strategy is structured as an action plan to support the development of a prosperous society by providing growth through improved competitiveness and boosting the innovation potential of Europe. It focuses on promoting the visibility and dissemination of good CSR practices, improving self-regulatory processes¹⁴ and promoting market recognition for CSR (through public identification and promotion), improving transparency in the non-financial indicators and, last but not least - **aligning national, European and global understandings of CSR**.

¹⁰ http://ec.europa.eu/growth/industry/corporate-social-responsibility/index_en.htm.

¹¹ Falk Sara Krüger, Legislation on non financial reporting, "CSR for All" Project, ToT Workshop - CSR training in Ankara, 30 September – 2 October 2015.

¹² [http://www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com\(2011\)0681_/com_com\(2011\)0681_bg.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com(2011)0681_/com_com(2011)0681_bg.pdf) Appendix 2B "Development of CSR with a European dimension" explicitly cites and discusses retrospectively understandings at the international and European level, including that of the European Parliament and the evolution of the definition used by the European Commission.

¹³ P7_TA (2010) 0446 Regarding Corporate Social Responsibility in International Trade Agreements European Parliament Resolution of 25 November 2010 (2009/2201(INI)).

¹⁴ <http://ec.europa.eu/digital-agenda/en/communities/better-self-and-co-regulation>.

- 2.3.4. The practices of corporate social responsibility are extremely rich and varied - different companies put different emphases on their social responsibility. But they all share a common focus - contributing to the sustainable development of the economy and society¹⁵. The objective of encouraging wider dissemination of CSR practices formed and sustained ***a tendency for recognition and application of generalized and established global instruments applicable to the widest possible range of industries and countries.***
- 2.3.5. The expectations formed in society towards the increasing number of social and environmental activities of enterprises lead to new decisions regarding ***promoting the disclosure of financial information and information about diversity*** by some large enterprises and groups. The expectation of the public and investors for disclosure of such information becomes ever more widespread and companies can choose to meet this expectation, or to explain in detail why they chose not to respond to it¹⁶.
- 2.3.6. Companies are increasingly under pressure to ***report publicly and transparently about their social and environmental behaviour***¹⁷. Pressure to report on the policies of the companies in terms of corporate social responsibility.¹⁸ It comes from politicians, consumer organizations and other NGOs.

¹⁵ CSR practices implemented in Bulgaria are examined by representatives of the stakeholders and the academic community. See: Mitko Dimitrov, Spartak Keremedchiev, Plamen Chipev, Radostina Bakardjieva, Valchin Daskalov, Nadezhda Ivanova, Corporate management for the 21st century. Establishment of standards for good corporate governance in Bulgaria, GorexPress, Sofia, 2014 The work presents the most recent theoretical formulations in the field of corporate governance and CSR. It summarizes the results of an empirical study of 131 public companies in Bulgaria listed on the stock exchange. It also provides an overview of the results of the application of international standards for corporate governance and CSR in Bulgaria and defines recommendations to institutions and companies. Another noteworthy empirical study concerning Bulgaria is: Bakardjieva R., Corporate Social Responsibility of the Firms in Bulgaria, Economic Studies, 2009, No 2, p. 33-63.

¹⁶ In its report A7-0017/2013 on corporate social responsibility: accountable, transparent and responsible business behaviour and sustainable growth (2012/2098(INI)) the European Parliament „Acknowledges the importance of businesses divulging information on sustainability such as social and environmental factors, with a view to identifying sustainability risks and increasing investor and consumer trust; points to the substantial progress being made in this respect, and calls on the Commission to support the objective of the International Integrated Reporting Council (IIRC) of making IR the global norm within the next decade “.

¹⁷ Thorns Matthias, Recent evolution in the CSR debate and impact at national levels in Europe, “CSR for All” Project, ToT Workshop - CSR training in Ankara, 30 September – 2 October 2015.

¹⁸ Ibid. In Denmark, France and the United Kingdom things "are moving on the edge" of the voluntary strand of corporate social responsibility and legislation begins to be introduced for the reporting of non-financial information. There are also European regulations on the disclosure of non-financial information - Directive 2014/95 /EU the European Parliament and of the Council of 22 October 2014

- 2.3.7. In the context of this sustainable trend to expand the voluntary reporting of financial information, companies are seeking to use this time-consuming activity for the benefit of business development.
- 2.3.8. Another equally important direction for work on promoting CSR is *the EU initiative to create a Capital Markets Union*¹⁹ which aims to restore investor confidence, to connect better free capital with businesses that have financial needs to remove obstacles to cross-border investments in the EU and the access of enterprises to finance, thereby promoting growth, competitiveness and the creation of sustainable jobs. Within this initiative and in terms of restoring investor confidence, the topic of socially responsible behaviour of companies acquires new topicality.
- 2.4. Over the past five years an increasingly dynamic development and adoption of CSR can be observed. Thanks to the efforts of world leaders, the work within the European Union, the accumulation of expertise on the part of companies and the dissemination of information among all stakeholders on this topic, CSR is increasingly perceived as *a basis for a sustainable business model* in which the responsible and transparent management of all resources (human, natural and financial) is a guarantee for sustainable

On May 21, 2015, the Danish Parliament (Folketing) adopted an addendum to the Danish Act on financial applications, including new requirements on reporting policy on corporate social responsibility, applying Directive 2014/95 /EU Disclosure of non-financial information. This was preceded by the decision of the Danish Parliament by 16 December 2008, adopting the "Act supplementing the Danish Act on Financial Statements" relating to the reporting of a policy on CSR in large companies. The purpose of the Act is to "inspire the industry to take an active position on CSR issues and to communicate this to the world outside their companies." (See: Falk Sara Krüger, Legislation on non-financial reporting, "CSR for All" Project, ToT Workshop - CSR training in Ankara, 30 September - 2 October 2015).

In 2013 a new requirement was introduced making reporting on policies for respecting human rights and for limiting the impact on the climate mandatory. Practically, Danish businesses is free to choose whether they wish to work in the field of CSR or not, but the above-mentioned requirements require companies to report on their CSR policies or declare that they do not have such policies.

In France, the corresponding draft legislation applies only to companies with more than 5,000 (five thousand) employees. the launched requirement is to introduce preventive plan for "due diligence" to avoid causing or contributing to causing damage from their own economic activity or that of their subcontractors and global supply chains. The scope of the "due diligence", however, is not specified in detail. If the preventive plans have not been made, the legal situation may arise in which the company may be found liable and be fined up to EUR 10 million. NGOs can inquire about these preventive plans. The French Senate is to vote this bill in the month of October 2015.

In October 2013, it became mandatory for all British companies that are listed on the stock exchange to make strategic report which contains reporting non-financial information, including issues related to the observance of human rights. The so-called "Modern Slavery Act" introduces a clause requiring the transparency of the supply chains to support the eradication of human rights violations within the supply chain. With the introduction of the Act in 2015 the UK government has required all companies operating in the country with a net turnover of more than GBP 36 million to compile such reports. According to estimates, there are about 12,000 companies that fall within the scope of this requirement. Details about how, where and when companies will be required to report are still the subject of ongoing consultation with the British government.

¹⁹ http://ec.europa.eu/finance/consultations/2015/capital-markets-union/index_en.htm

production, supply and consumption, in forming a fair price and adequate use of resources, resulting in sustainable development of the markets as well as society and nature at large. Bulgaria is also involved in this process, although there is an apparent need for more efforts and a delay in the achievement of positive results in the implementation of global and European trends in practice.

3. THE MOST RECENT CSR INITIATIVES AND INSTRUMENTS

3.1. The tendency for integrated accounting in universal international initiatives and instruments.

3.1.1. Unlike the first twenty years of the early 21st century, when most international institutions established autonomous and independent, sometimes repetitive, collections of best practice management systems, ethical codes of conduct and procedures for the implementation of CSR - in the last five years most of these instruments are becoming unified. The most significant partnership agreement formed as *Memorandum of Understanding*²⁰ was signed a few months before the United Nations Conference on Sustainable Development "Rio + 20" (10 January 2012) by the UN Global Compact, the UN Program for the Environment, International Institute for Sustainable Development, the Global Reporting Initiative and the International Organization for Standardization. The main reasons for this peer grouping can be found in the ambition to reduce the administrative burden and cost for companies which before it was implemented had to meet dozens of formal requirements for reporting their progress and/or compliance with any of them. In addition, unification facilitates the preparation of companies' reports on sustainability (CSR reports) and communication with other stakeholders²¹.

²⁰ http://www.iso.org/iso/home/news_index/news_archive/news.htm?refid=Ref1521.

²¹ A similar opinion was also expressed by the European Parliament in 2013 in its Report A7 - 0023/2013 on corporate social responsibility: to promote the interests of society and actions aimed at achieving sustainable and inclusive recovery (2012/2097 (INI)), in which it recognizes that "too many initiatives, while demonstrating awareness of the importance of CSR policies, may generate additional costs and impede the implementation, undermining trust and fairness. Therefore, it welcomes the active cooperation of the Commission with the participation of the Parliament and the Council, together with other international bodies to achieve the long-term

3.1.2. In 2010, under the patronage of the Prince of Wales was created *the International Integrated Reporting Council (IIRC)* -²² the first global coalition of regulators, investors, companies, bodies, standardization bodies, accountants and non-governmental organizations that work to create value, which is the next step in the evolution of corporate reporting. In 2011 the Council adopted a pilot program to implement a new international *Framework for Integrated Reporting (<IR> Framework)* reflecting progress in financial performance, management, vision development and reporting the sustainability of companies. Provision of summary information thus aims to help making informed decisions by shareholders and stakeholders; solutions that lead to efficient allocation of capital according to financial and non-financial results and create (and maintain the established) value of the companies in the long run.

3.2. The tendency for systematization, operationalization, measuring the impact of corporate responsibility in universal international initiatives and instruments.

3.2.1. *International standard ISO 26000*²³ *Guidance on social responsibility* is the first comprehensive guide that describes in detail the content, the main objects and principles for the implementation of the social responsibility of organizations. It plays the role of an "umbrella" combining multiple management systems. Companies can choose whether to switch from individual standards to an integrated system that brings together the seven core subjects of ISO 26000. In keeping with the principle that CSR is a voluntary action by companies, the international standard is not subject to certification, which means that organizations that implement it are not subject to inspection by an independent third party. Some countries have created a number of national standards for CSR²⁴ which repeat ISO 26000, but allow for certification.

"convergence" of initiatives concerning CSR and the exchange and promotion of good corporate practices on CSR ... in order to ensure a uniform global, consistent and transparent definition of CSR. "

²² <http://integratedreporting.org/>.

²³ <http://www.iso.org/iso/home/standards/iso26000.htm>.

²⁴ <http://www.greenleaf-publishing.com/productdetail.kmod?productid=3092>.

3.2.2. Guidelines for multinational enterprises of the OECD²⁵ were updated in May 2011. In its latest version, they include recommendations in the field of better respect for human rights and the attribution of responsibility for all companies in the supply chain. As stated by Angel Gurría, Secretary-General of the OECD, *'Businesses share responsibility for restoring growth and confidence in the markets'*²⁶.

3.2.3. In September 2015 the *Guidelines on Corporate Governance of OECD* presented during the meeting of finance ministers from the G20 were updated²⁷. They contain recommendations to the formulation and implementation of national policies on the rights of shareholders, financial reporting, remuneration of executive behaviour of institutional investors and how they should function on the stock markets. *Good governance is seen as a basic element for promoting the development of capital markets, trust-based between investors and companies, which is the key to long-term economic growth.*

3.3. European regional initiatives and acts in the field of CSR - such as the adopted on 22 October 2014 *Directive 2014/95 / EC of the European Parliament and of the Council amending Directive 2013/34 / EU regarding the disclosure of financial information and information about the diversity of some big companies and groups* which comes into force on 01 January 2017²⁸ The directive is binding unlike the unified instruments indicated above and that in view of its binding force is an important document in the field of CSR. It is a step in the direction of improved disclosure of information in order to restore and enhance investor confidence.

4. ACTION TAKEN TO PROMOTE THE IMPLEMENTATION OF CSR IN BULGARIA

²⁵ <http://mneguidelines.oecd.org/text/>.

²⁶ "The business community shares responsibility for restoring growth and trust in markets," said OECD Secretary-General Angel Gurría. "These guidelines will help the private sector grow their businesses responsibility by promoting human rights and boosting social development around the world." See Organisation for Economic Cooperation and Development, New OECD guidelines to protect human rights and social development, 25 May 2011, <http://www.oecd.org/newsroom/newoecdguidelinstoprotecthumanrightsandsocialdevelopment.htm>.

²⁷ <http://www.oecd.org/g20/topics/financing-for-investment/Corporate-Governance-Principles-ENG.pdf>.

²⁸ http://ec.europa.eu/finance/company-reporting/non-financial_reporting/index_en.htm.

- 4.1. ESC believes that *the main challenge for the wider implementation of CSR in Bulgaria is the need for public recognition, motivation, encouragement and support for companies and enterprises* conducting consistent policy application of best practices of corporate social responsibility.
- 4.2. CSR is a real opportunity for *achieving a balance of interests between all stakeholders on critical topical issues such as respect for human rights, provision of coherent economic and social development, matching the increase of competitiveness of the company and national level to increase the standard of living of workers*. An important tool to achieve these balances is the adoption and voluntary implementation of *social dialogue and collective bargaining between employers' organizations and trade unions*, as a form of CSR. Simultaneously, the proven model of bipartite co-operation in a European (and to some extent in the national) context enter into synergy with CSR principles²⁹.
- 4.3. As part of its policy to promote the implementation of CSR practices in the country, the Bulgarian Government initiated in 2008 the preparation in cooperation with all stakeholders of *a National Strategy for CSR³⁰ (2009-2013)*. This is a positive initiative, designed to give further impetus to the introduction of socially responsible business initiatives at the level of enterprises in Bulgaria. Simultaneously with the Strategy the government created also a permanent *Council to the Minister of Labour and Social Policy*. *Unfortunately, the practical utility of the Strategy and the Council cannot be differentiated and the latter can hardly be defined as a working body*. This is a clear signal that the leading role in the formulation, implementation and monitoring of the implementation of such documents should be reserved to the stakeholders themselves - respectively - their representative associations. The role of the government should be focused on the implementation of supporting public policies using a combination of legal, economic, financial, informational, and combined tools.
- 4.4. Crucial importance also has the adopted in 2009 and updated in 2012 *National Corporate Governance Code³¹ applicable to public companies listed on the*

²⁹ A real example in this respect are the best practices in sectoral bargaining in Bulgaria. In a number of sectoral collective agreements there are many manifestations of CSR practiced by companies across the sector - in terms of improving working conditions, protect the interests of people with special needs, the fight against corruption, unfair competition, unregulated lobbying, ethical behaviour at the workplace etc. See Appendix 6.

³⁰ <http://www.csr.bg/social-responsibility/strategy>

³¹ <http://www.bse-sofia.bg/?page=CodeGovernance>.

Bulgarian Stock Exchange. Its implementation by companies is voluntary. Lately, the number of companies that said they respect the principles of the Code increased to 53 companies, many of which are pioneers in the field of CSR and implement interesting and diverse socially responsible initiatives. To increase the number of these companies and to promote the adoption of the Code by other companies, it is necessary to conduct a targeted information campaign under the auspices of the main stakeholders - associations of various capital market participants, social partners and civil society structures.

4.5. It can be noted with regret that although the Bulgarian Stock Exchange - Sofia has an ***Index of companies with good corporate governance*** which includes seven companies with the best corporate governance, investors do not consider the inclusion of companies in this index as a reason for a more positive perception or better corporate image.

4.6. The process of transition to a low-carbon "green" economy in Bulgaria is still in its beginning, but already there is sensitivity on the subject and some of the regulations and financial mechanisms for development (especially - in the operational programmes) include activities such as the development of eco-technologies, eco-innovation, environmental friendly production of goods and provision of services, efficient use of resources, implementation of environmental and other standards. Of course, this topic must be addressed carefully to ensure positive effects of such practices that combine action on environmental protection and ensuring sustainable development with preserving and promoting competitiveness and sound economic logic. A negative example along these lines ***are the too large investments in renewable energy in recent years, at guaranteed higher purchase prices of the electricity produced currently aggravate excessively the price of electricity in Bulgaria by increasing the fee for "public service obligations"*** and give rise to social tensions and protests.

4.7. In 2010 began the process of promoting the creation of ***'green' jobs***. The provision of grants and preferential financing incentives, promotional measures, procedures for their implementation are regulated through the amendments of the ***Regulations for Implementing the Law on Employment***

Promotion (EPA) adopted at the meeting of the Council of Ministers on 8 December 2010³²

- 4.8. In 2011 was adopted the ***National Action Plan for the promotion of "green public procurement" (2012 - 2014)*** which includes targets that are mandatory for the public institutions (for local authorities the targets are recommended) for the procurement of environmentally friendly goods and services³³.
- 4.9. ***The social partners in Bulgaria*** are also very active in the implementation of projects aimed at promoting CSR - both individual and based on joint action.³⁴
- 4.10. Some ***economic sectors manage to work proactively towards the creation of instruments for sustainable development of their industries***. These include Bulgarian Mining Chamber, which have their own industry standards for sustainable development³⁵, The Union of Brewers in Bulgaria, which have adopted a code of commercial communication and ethical standards,³⁶ as well as joint projects of the members of the Bulgarian network of the UN Global Compact.
- 4.11. The Analysis of the ***Economic and Social Council on "Social Audit - Experience and Prospects"***, adopted in 2010,³⁷ traces the history and scope of social audit; it describes the Bulgarian and European experience and outlines the possibilities for its further development. The Analysis reflects the understanding of the ESC that ***processes reporting and auditing should be developed gradually, in keeping with the principle of voluntary disclosure of data concerning socially responsible practices***. Social reports should be informative and convey information about the results of the social activity performed by companies.

³² <http://www.nssi.bg/legislationbg/rules/690-pravprilznz>.

³³ "Green" are public procurement contracts which are held by a procedure where environmental considerations are taken into account in the process of awarding the contract. The European Commission has developed criteria for environmental friendliness of 10 major product groups which should be applied by all Member States in order to prevent fragmentation and restriction of competition within the single internal market of the Community.

³⁴ The most recent realized projects of the social partners in this respect are: Project "Limitation and prevention of the informal economy" (BG051PO001-2.1.05, BICA, CITUB) Project "Strengthening of civil society in improving corporate governance and development of corporate social responsibility" (07-23-10-C / 04.02.2008, BICA) Project CSR for ALL (BICA, BIA, BCCI), BG051PO0012.1.04, Operation "Increasing the flexibility and efficiency of the labour market through active actions of the social partners" (BG051PO0012.1.04, "Podkrepa").

³⁵ <http://www.bmgk-bg.org/bg/razvitie-standart>.

³⁶ <http://www.pivovari.com/samoregulatziya-na-targovskite-komunikatzii/119-kodeks-za-otgovorna-targovska-komunikatziya-i-etichni-standarti>.

³⁷ http://www.esc.bg/documents/bg/analises/analiz_soc_odit_podpisan_bg.pdf.

- 4.12. Activities promoting the achievements in the area of CSR by conducting **annual competitions** are running successfully. The Ministry of Labour and Social Policy organizes an annual competition for socially responsible company. This event should receive a high evaluation and should become an annual event. The annual awards of the Bulgarian Forum of Business Leaders for socially responsible business³⁸ have already over 10 editions. In 2012 the European Union held a pilot competition for European CSR awards for partnership and innovation.³⁹The responsible institution for the organisation of this activity in Bulgaria was the Bulgarian network of the UN Global Compact.
- 4.13. Regarding the policy **for education, appreciation can be given to the specialized masters and undergraduate programmes in some Bulgarian universities.**⁴⁰ Many manuals for the application of good practices of corporate governance and corporate social responsibility have been published. In this context, there is a key role for further training of the public administration for CSR and creating an optimal information environment for its development. Simultaneously, it should be noted with regret that the number of high schools and universities where they teach the principles and practices of corporate social responsibility in Bulgaria is unreasonably low. **The initiative for development of a new CSR strategy of the Republic of Bulgaria should focus on promoting the teaching of CSR in economic universities**⁴¹.

³⁸ <http://www.bblf.bg/initiatives/1/archive/2013/>.

³⁹ <http://www.unglobalcompact.bg/>.

⁴⁰ Stefanova, M., (2013), Principles for responsible management education – UNGC Strategy to grow sustainable business leaders, FEBA, Sofia university http://www.marinastefanova.info/images/docs/1-2012_FEBA_PRME.pdf.

⁴¹ In its Report A7 - 0023/2013 on Corporate Social Responsibility: promoting society's interests and actions aimed at achieving sustainable and inclusive recovery (2012/2097 (INI)) by 2013, the European Parliament calls on the High Level Group and Member States in cooperation with the Commission and, where appropriate, with universities to examine ways to integrate CSR, responsible governance and responsible citizenship in the management education and training for all future business leaders so that they become a cornerstone of strategic corporate management and to promote awareness of sustainable consumption; It considers that this could be extended to children who participate in programs for young entrepreneurs; and calls on the Commission to provide additional financial support to projects for education and training in CSR in the framework of the EU "Lifelong Learning" and "Youth in Action". These recommendations can serve as a basis for a Bulgarian national policy in education for CSR.

5. FACTORS TO PROMOTE THE IMPLEMENTATION OF CSR IN BULGARIA

- 5.1. The implementation of CSR is a voluntary action of companies. Normal economic logic suggests rational reasons (benefits) that companies clearly understand and want to exploit and that to motivate them to choose socially responsible behaviour. *The integration of the concept of CSR in their corporate strategy and implementation of CSR principles in their practical activities offers many advantages for companies.*
- 5.2. A previous analysis of the ESC, published in 2009, indicates *the main positive effects* arising from socially responsible behaviour - increasing productivity and product quality, positive impact on the image and reputation of the company, easier access to capital, improving relations with state institutions and bodies at the national and local level and target audiences.
- 5.3. The recent global financial and economic crisis has changed the patterns of doing business globally highlighting *non-monetary factors of competitiveness such as a positive image, trust, integrity, transparency.* In this light, new factors are added that are even more important for the survival and prosperity of companies.
- 5.4. Negative demographic trends in Bulgaria, the active emigration of well-educated and qualified workers, further encouraged by the free movement within the EU, brought to the fore *the socially responsible behaviour as an opportunity to attract and retain qualified human resources.* Today, the principle that it is not the company that selects workers but it is workers that select the company for which to work has never been more valid. The implementation of CSR and adherence to business ethics leads to the establishment of corporate culture, creates a positive image of the company and helps to motivate, retain and engender loyalty among valuable human resources.
- 5.5. A specific factor that promotes the implementation of CSR practices of Bulgarian companies is the development and improvement of national bi- and trilateral dialogue. In recent years, the social partners, working together in a spirit of constructive cooperation, agreed on a number of initiatives and measures to be voluntarily applied, including by actions of the companies in the field of CSR.
- 5.6. Due to the remaining *serious economic imbalances on the regional scale in our country,* successful companies in smaller cities and towns are burdened

with serious expectations of local communities and in response implement various initiatives that improve the quality of life in the community - aiding the construction of infrastructure, supporting existing and even creating new educational institutions, environmental initiatives, supporting people with special needs and disadvantaged people, etc. The implementation of CSR practices helps both to improve various aspects of the status of a specific local community with a view to its specific needs and its overall sustainable development.

- 5.7. Another positive factor for the development of corporate social responsibility is the currently increased confidence among both the academic community and entrepreneurs that *"by creating value for key company stakeholders corporate social responsibility allows for complete integration between economic objectives of companies and their social responsibilities. Its integration into development strategies of companies and their implementation through appropriate management tools could help to increase the value of companies and to realize competitive advantages, thus contributing to their long-term sustainable development."*⁴²
- 5.8. A policy of corporate social responsibility in the field of environmental protection can lead to *tangible cost savings when doing business in a responsible and efficient manner*. The emphasis is on monitoring and finding new ways to optimize energy consumption, energy efficiency and water consumption through the development of so-called "green accounts". If this work is not done only formally, systematically collected and analysed data will inevitably lead to the optimization of the consumption of energy and water, and thus to reduced costs.
- 5.9. The implementation of a policy of corporate social responsibility and reporting of financial information is a *form of risk management*. If the available tools for reporting financial information are used in good faith, during the process of preparation of reports risks may be detected that have hitherto escaped the attention of managers. The focus is on analyzing social relations, the sustainability of development and on the environment.

⁴² This threefold formulation is considered in detail and empirically argued in the Theodora Gogova's dissertation. See: Gogova Teodora Dimitrova, Corporate Social Responsibility and its impact on the value of the company (Bulgarian international trends and dimensions), abstract of the dissertation to acquire the educational and academic degree "doctor" in the academic specialty with code 02.05.10 "World Economy and International Economic Relations (Management of foreign economic activity)", 2011, in particular - pp 5-6.

- 5.10. Practicing CSR indisputably *helps attract investors by creating confidence in them*, on the basis of forming and strengthening the image of sustainability, responsibility, transparency and integrity of the companies which follow socially responsible models of behaviour.
- 5.11. An additional factor for a country like Bulgaria, with a small domestic market and the real sector, heavily dependent on export markets is *the ability to attract potential business partners and establishing strategic partnerships* based on the formation and promotion of a positive image and reputation in society due to the implementation of CSR.
- 5.12. *Attracting and retaining customers* to an increasingly high degree depends on the application of the concepts of sustainable development and sustainable consumption when the expectations of their users and their business partners are connected with responsible business conduct.
- 5.13. Certain types of companies are in the position to be *flagships of the implementation of CSR* as motivation for it and its contractors and partners.
- 5.13.1. Public companies** due to their status and the fact that they work in conditions of transparency and in the formation and establishment of trust among their stakeholders, an important part of whom are their shareholders, are a key driver of CSR implementation in Bulgaria. They have the culture of raising awareness of the benefits of implementing the best practices of corporate social responsibility. They have the most serious grounds for giving voluntary public access to financial information.
- 5.13.2. Multinational companies** because of the scale of their activities, generally have extensive experience in the pursuit of socially responsible behaviour. They also act as a motivator for implementing CSR by extending and promoting good practices in this field in their supply chain. This includes not only placing requirements and verification of compliance but also creating long-term programmes to build the capacity of suppliers in the areas related to corporate social responsibility.
- 5.13.3. Providers of services of general interest, companies with a dominant market position and companies with state or municipal participation** are also prone to greater implementation of CSR in their business due to the nature of their business models and the fact that

they are loaded with more public expectations and are often subjected to public and often also political attention.

5.13.4. *Small and medium-sized enterprises*, which constitute the basis of the Bulgarian economy, aim to ensure their own sustainable growth through *direct involvement in the added value chain of large companies, including multinationals*. This inclusion stimulates their development both as a market and in terms of company culture. For SMEs the partnership with multinational companies is necessary to gain the knowledge, motivation and capacity to engage in social projects or apply best practices in corporate governance, environmental protection, human resources development and anti-corruption practices.

5.13.5. As an illustration of the relationship between the type of the company and its activity in terms of implementing CSR, we can cite the distribution of Bulgarian candidatures for the "*European CSR Awards*" 2013 - multinational companies - 45%, large enterprises - 24%, SMEs - 24% and micro enterprises - 7%⁴³.

5.14. Traditionally, the implementation of CSR practices is associated with activities in several directions: *providing a fair return to the owners/shareholders, providing fair wages, safe and healthy working conditions and career opportunities, without discrimination of employees, offering good-quality and safe products and services at a fair price to consumers, minimizing the negative impacts of activities on the environment and the pursuit of sustainable utilization of natural resources, transparency and dialogue in relations with key stakeholders and audiences, contributing to economic stability and sustainable development of human settlements in close proximity, implementing good corporate governance practices and adhering to the highest standards of business ethics*⁴⁴.

6. CHALLENGES TO THE IMPLEMENTATION OF CSR IN BULGARIA

⁴³ The Bulgarian network of the UN Global Compact, Golden Book - European CSR Awards, 2013, p. 17

⁴⁴ Appendix 7 details the best CSR practices in Bulgaria.

- 6.1. The core of CSR initiatives remain the real sector companies, supported and motivated in their efforts of national and sectoral organizations of employers, investors, NGOs and consumers. ***Strengthening CSR has always been and should remain within the framework of voluntary initiatives.***
- 6.2. The efforts of public authorities, social partners and the structures of organized civil society should be aimed at offering ***measures to develop supportive environment*** in which institutions and citizens would be able to "reward" companies for the real and indisputable for all public benefits provided by them in the form of CSR. At the same time, public culture must evolve towards intolerance to the quite common in Bulgaria practice some companies to provide compliance with the law as a form of CSR, as well as the practice of companies that violate the law or engage in abusive practices to "buy indulgences" with sporadic, widely advertised initiatives in the field of social responsibility.
- 6.3. One of the major fields of application of CSR is the active involvement of companies in ***fight for formalizing the economy***. Companies practicing CSR by definition are in order to the law and operate entirely in the formal economy. They could require their contractors to assure and prove that their activity is also in the formal economy. An important role in this regard are the joint actions of social partners who have considerable experience in the fight against the informal economy, including by providing training and information - information campaigns.
- 6.4. ***The integrated approach to the implementation of CSR practices was adopted and recommended as early as in 2009 in an analysis of ESC.***⁴⁵The vision for it is based on the views expressed in the report ⁴⁶drafted at the European CSR Stakeholder Forum, held in February 2009 in Brussels. The main aspects of this approach continue to be relevant today, but they are supplemented by new events and challenges that have emerged over the past five years.
- 6.5. ***Internal audiences and the development of CSR.*** Attracting and retaining good-quality human resources is an increasingly important factor of competitiveness and an area in which companies increasingly compete fiercely. It is in this regard that the application of CSR to internal audiences -

⁴⁵ Analysis of the Economic and Social Council on Corporate Social Responsibility - some approaches and best practices, ESC/2/012/2009, adopted by the Plenary Session on 18/ December 2009, 2009, pp 27 – 28.

⁴⁶ Making Europe a Pole of Excellence on CSR, CSR Europe contribution to the European Multi Stakeholder Forum Review Meeting, 10.02.2009, Brussels.

the staff and its immediate surroundings - is becoming more essential. At the same time, the opportunities for interventions and undertaking systematic action by enterprises on an individual level is relatively limited. This is where the role of the social partners comes into play, through joint actions they could act together with public authorities, formulate and implement a strategy aimed at bringing into balance the labour market by increasing the attractiveness of professions, key to the competitiveness of important sectors of the Bulgarian economy, where there is a systemic shortage of skilled personnel. Crucial in this respect is the creation of a positive image for the quality of jobs in these professions and the creation of the status of "protected professions" and "protected university programmes".

6.6. The development of internal corporate social responsibility can change existing business models, *boost labour productivity, the pursuit of professional development for lifelong learning* and as a result - to enhance social justice and sustainability based on decent remuneration depending on achieved results, better working conditions and social protection.

6.7. ***Migration - pressure or opportunity.*** Today, Europe and Bulgaria - as a European Member State - are facing an unprecedented refugee crisis. The confusion among the political and administrative elites⁴⁷ is undeniable, diametrically opposite positions on the treatment of refugees are voiced, ranging from wide opening doors to raising the "Great European Wall" against them. There is no unified position among EU countries, no single position even within Member States. The implementation of CSR principles that suggest "involvement of all groups of workers" and "integration of migrants" would allow companies with more flexible and unconventional thinking to benefit from this additional source of human resources and to derive advantage from the application of this form of CSR.

6.8. ***Reporting and public disclosure of financial information - voluntary action.***

A significant number of good practices concerning the reporting of financial information were accumulated over the past years the EU⁴⁸. To Bulgarian stakeholders the issue is related to maintaining the voluntary nature of the action and at the same time persuading companies and businesses to

⁴⁷ Throughout the text their terms political and/or administrative elites should be understood in their sociological and political-science sense, in which for example, they are used in the works of Max Weber and other authors. No negative connotation is intended in the use of these concepts.

⁴⁸ Bakardjieva R., European concept of integrated reporting, knowledge - tradition, innovation, perspectives, Burgas, 2013, pp 130-140.

understand its expedience. On the one hand, it is not necessary to swerve in the direction of statutory regulation of mandatory reporting of non-financial information - the practice in other EU countries is clearly in the direction of voluntary reporting. Elements of compulsion are currently in the process of being legislated only in three countries (Denmark, France and the United Kingdom), but they apply only to very large companies⁴⁹ and are mostly related to the disclosure of the adopted policy for corporate social responsibility, allowing the possibility that there is no such policy, but this has to be declared and explained. A big challenge is to present a convincing argument for the benefits of rational use by the companies and enterprises of the so-called voluntary reporting (disclosure) of information, in the formats of the various existing reporting initiatives - "reporting initiatives".

6.9. ***Dissemination of information about the benefits of socially responsible behaviour and creating a supportive environment and public recognition for companies that implement it.*** An undoubted problem is the ignorance on the part of the majority of businesses of tools to evaluate the impact of business on sustainability and their ability to be used in the management of companies as analytical platforms⁵⁰. The problem with being underinformed is valid not only for businesses - it is a problem of the whole society. To overcome it, systematic targeted efforts should be made by the social partners, the state and the structures of civil society organizations, including in particular the important role of consumer protection organizations who are in the position to develop a readiness for positive assessment among users of products and services of the implementation of CSR by the respective companies.

6:10. ***In Bulgaria there is a communication deficit in relation to the nature and practical manifestations of corporate social responsibility, while the lack of "informed public understanding" on the topic of CSR limits public attitudes towards more active support (moral, customer or other) for companies applying best practices of corporate social responsibility.***

⁴⁹ With the introduction of the clause requiring transparency of supply chains in the so-called "Law against modern slavery" (Modern Slavery Act), the UK Government required all companies operating in the country with a net turnover of more than 36 million pounds to compile such reports. It is estimated that this will affect about 12,000 companies. In France, legislation is being currently developed which will be aimed at companies with more than 5000 (five thousand) employees.

⁵⁰ According to a survey of IMSI (2012) only 8% of companies set specific CSR targets and objectives, 5% report regularly, and 7% have policies on transparency and reporting in the field of CSR.

- 6.11. Serious challenge for Bulgaria is the *difficulty in implementing the best practices of corporate social responsibility in small and medium-sized enterprises* which are the main part of the companies registered under the Commercial Law in the country. In Bulgaria a significant proportion of small and micro enterprises are not created with the idea of promoting a certain product innovation or business model, but simply because the owner (or owners) did not have another alternative. Such companies are generally in "survival mode." They are not looking for good practices that increase their chance to assert themselves on the market - they are looking for a solution which will keep them afloat - in the short term. Certainly, very serious consideration should be given to the possibility of working for incentivizing these small and micro enterprises, which are innovative (at least to some extent), which aspire to grow, to assert themselves on the market within a market niche identified by their management - however modest it may be.
- 6.12. Again in the context of corporate social responsibility encouragement should be given to *the creation of charters, codes of conduct and ethical codes and their implementation*- as relatively new instruments of cooperation between the social partners.
- 6.13. *Social audit* is still not recognized as a voluntary tool for verification of CSR activities in order to strengthen the confidence of stakeholders. This can be changed in a future national CSR strategy.
- 6.14. For a better understanding of the concept of CSR it is necessary to promote more the use of various forms - *trainings, discussions, forums of the social partners in drawing up and implementing projects and programs. All these forms should lead to the achievement of tangible, concrete results that are part of a systematic approach to the development and dissemination of CSR among all stakeholders to cooperate so that the knowledge and experience to be shared and lead to constantly expanding the range of associates and partners.* EU funds should be used in an intelligent way for development of social responsibility in relation to small and medium-sized enterprises, focusing on issues such as social exclusion, poverty and others.
- 6.15. *Bulgarians still do not have a sufficiently clear, or as the researchers say "informed" - understanding of the essence of the social responsibility of companies and businesses for corporate social responsibility.* According to data of the nationally representative survey of the public opinion, valid for 2013, Bulgarians have relatively fragmentary idea of corporate social

responsibility. More than half of respondents believe that "it is a commitment to the disadvantaged and to the Bulgarian children. Third comes the responsibility to the company's customers"⁵¹. Fifteen per cent of Bulgarians in 2013, had neither heard nor seen information on specific activities related to corporate social responsibility.

7. NECESSARY MEASURES TO PROMOTE THE IMPLEMENTATION OF CSR IN BULGARIA

- 7.1. A major direction in the future work for expanding the scope of application of the best practices of corporate social responsibility *is expanding awareness of them among medium, small and micro enterprises and advocating the benefits of their implementation*. The indication of medium, small and micro enterprises as a "target group", which is to be literally "led" into the practices of corporate social responsibility goes hand in hand with the fight against corruption, which should be converted into a fundamental good practice and backbone of the CSR policy among this category of businesses. *Causing widespread opposition to corruption, the establishment of anti-corruption networks that really combat various forms of corruption in the administration*, and why not in the NGO sector, should be a major priority in the policy of corporate social responsibility in the near and medium term.
- 7.2. Another crucial direction is *guiding enterprises which constitute natural monopolies (or private well-defined oligopolies - like the mobile operators for instance) into the mainstream application of best practices of corporate social responsibility*. We have to make a significant distinction here between the desire to create regulatory obligations for companies representing natural monopolies to report in the same way as public companies, on the one hand, and the need for these companies to be "indoctrinated" to implement CSR practices, on the other.
- 7.3. *It is recommended that companies with majority state and municipal ownership, and providers of services of public interest, to begin practices on disclosing and reporting information in the same way as public companies listed on the stock exchange do*. If the state companies and

⁵¹ The national representative survey was an omnibus survey conducted by marketing agency "Ipsos Bulgaria", commissioned and using a questionnaire designed by Viliانا-Maria Nikolova in connection with the preparation of her dissertation work. See: Nikolova Viliانا Maria Dimitrova. Features of formation and realization of the concept of corporate citizenship (corporate social responsibility) in Bulgaria, abstract of the dissertation for awarding the educational and academic degree "doctor" in the academic field 3.5. Public Communications and Information Sciences (Journalism - Public Relations), S., 2015, pp 29 – 31.

enterprises with monopoly begin to disclose information using the model of public companies this practice itself will become a manifestation of corporate social responsibility. Then the knowledge of the state (and perhaps the municipal) administration on issues of CSR will become valuable.

- 7.4. ***Directors specializing in investor relations are the main channel of communication in the work of public companies.*** They are the "tools" that ensure transparency of the companies' activities. Their contribution and role should be much more extensively promoted, including by state-controlled media. ***Companies and social partners need to work intensively on the development, expansion and deepening their core competencies in view of their special role in ensuring the transparency of the operation of companies.***
- 7.5. ***Fight against the grey economy*** should be extended across the entire spectrum of measures that have been offered by the social partners so far. Socially responsible companies and enterprises undoubtedly would respond to the "formalization" of the economy by expanding the application of good CSR practices and innovation in this area. The less unfair competition, which penalizes responsible companies, is tolerated, the more their profits will create shared value for society and for business.
- 7.6. The voluntary nature of the policies and practices of corporate social responsibility must definitely be preserved. Anything that is not voluntary, it is not CSR, but is simply a legal requirement. It is necessary to preserve the original voluntary nature of CSR, and to maintain a clear distinction of social, economic and others, conducted by state policies which are implemented through statutory instruments and are an expression of the political will of the ruling political force. In contrast, CSR represents a voluntary commitment of businesses to contribute to economic, social and sustainable development, which even exceeds the statutory requirements concerning working conditions, labour relations, environmental protection, etc. In this voluntary process all stakeholders interact and partner with each other, but in the manner and using approaches in which there is agreement and mutual assistance among all, not coercion. At the same time, in familiarizing companies with CSR principles, including in the communication aspects of the new Strategy for CSR of the Republic of Bulgaria, attention should definitely be drawn ***to the question of "earning responsible profit". The premises of this understanding are: profit should be earned in a responsible way; CSR must come from businesses itself and CSR policy should be in line with the core business of the company; profits must create shared value for society and businesses; CSR is not***

*philanthropy - what is important is not how much money is spent, but how it is earned.*⁵²

- 7.7. In view of the number of processes occurring before our eyes on a global scale, exerting a strong influence on Bulgaria as a country with an open economy, strengthening the aspects of security and protection of human rights is becoming more important in the context of policies on corporate social responsibility. The problem here is not just about traditional issues such as remuneration, working time, overtime, freedom of association, freedom of speech, social security and health and safety. It is also about transparency of chains of suppliers and subcontractors. The problem is too pressing at a global scale and Bulgarian companies need to be aware of this and be able to take adequate measures, so as to avoid the necessity of legislative initiatives in this direction. CSR must ensure transparency of information chains of suppliers and subcontractors in the aspect of human rights protection, the goal is to eradicate human rights violations within these chains. Unfortunately, the term "modern slavery" already in international circulation and the issue of transparency of the chains of suppliers and subcontractors will have an increasing importance. ***It would be very good practice for companies themselves to focus their CSR strategies on these issues, lest there is a need for legislative initiatives such as those adopted in the UK in the month of October 2013 „Modern Slavery Act“⁵³.***
- 7.8. CSR is a voluntary commitment of businesses, which extends "above and beyond its legal obligations", but the adoption of CSR policies and implementation of relevant best practices should be supported morally and communicatively of the state. Putting the focus of public attention on good CSR practices conducted by socially responsible companies is the obligation of the Bulgarian state. The new Strategy for Corporate Social Responsibility of the Republic of Bulgaria should lay strong emphasis on communication and promotion, as well as pay attention to the factors that may appear to have indirect relation to CSR. Among them, serious attention should be paid to ***adequate policy in the field of education aimed at bringing it in line with the demand of the labour market of workers with specific professional training. After an adequate and rational public policy one of the indisputable results will be the expansion of socially responsible practices***

⁵² See: Falk Sara Krüger, Legislation on non-financial reporting, "CSR for All" Project, ToT Workshop - CSR training in Ankara, 30 September - 2 October 2015. It explicitly refers to "Profit responsible earnings". Earning "Profit responsible earnings" implies "Profits created in a responsible manner; CSR must be business driven and coupled to the core business; Must create shared value for society and business; Not philanthropy - not how the money is spent, but how it is earned". Sara Krüger Falk is adviser on corporate social responsibility in the Confederation of Danish Industry.

⁵³ <http://services.parliament.uk/bills/2014-15/modernslavery.html> UK Parliament. Retrieved 7 April 2015.

of companies in the field of human resource development, provision of scholarships for future highly qualified specialists, traineeship in good corporate conditions, etc.

- 7.9. In the context of unfavourable demographic trends and in view of the fact that most of the real production sector in Bulgaria is located in towns outside the capital and major cities, it is essential to ***actively promote CSR practices aimed at developing local communities***. This can be achieved by stimulating ***local and central governments to develop their CSR policies and to implement CSR practices behaviour***. Since the public administration is in direct contact with each citizen, through his conduct, every employee in the administration could help increase public awareness of the significance and importance of CSR and to form a better consumer culture.
- 7.10. At the same time, a serious measure to promote the implementation of CSR practices in Bulgarian companies is ***the reduction of administrative barriers to business***. This is a horizontal measure whose effect is expressed in reducing the consumption of resources and time to business, thus saved resources can be redirected to action for the introduction of CSR practices.
- 7.11. ***The efforts of social partners should be aimed at creating administrative capacity and understanding of the nature, philosophy and the role of CSR as a source for the improvement of social policy, employment, promoting regional development and stimulating the initiatives of local communities.***

APPENDIX 1

Official definitions of key terms

The National Strategy for Corporate Social Responsibility (2009-2013) gives the following definitions of key terms:

"Corporate social responsibility" - "a concept whereby companies integrate voluntary activities on the protection of the environmental and their social initiatives into their business strategies and in their relations with all stakeholders"⁵⁴.

"Stakeholders" - government institutions, businesses, social partners, non-governmental organizations, including organizations for consumer protection, consumers, academia and the media.

⁵⁴ Communication from the European Commission (EC) of March 2006 "Implementing the partnership for growth and jobs: Making Europe a role model for the implementation of CSR"

"Social responsibility" - the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour, so that:

- Promotes sustainable development, including the health and welfare of society;
- Considers the expectations of stakeholders;
- Be in accordance with applicable law and with the principles of international norms of behaviour, and
- Be integrated into the practices of the organization and practiced in its relationships with other persons.⁵⁵

"Socially responsible behaviour" - conduct aimed at taking responsibility for impacts on society and the environment as a result of the implemented decisions and activities; responsibility manifested through transparency and ethical conduct.

"Social Reporting" - Statements of initiatives implemented as an expression of socially responsible behaviour according to established criteria.

"Knowledge triangle" - The relationship and interaction between education, research and innovation, which are seen as key drivers of the society based on knowledge.

⁵⁵ *International Standard ISO 26000 on Social Responsibility*

APPENDIX 2

A brief historical overview

A. General development of CSR

A.2.1. The global dialogue on the topic of sustainable development started in 1987 when the World Commission on Environment and Development elaborated the report *Our Common Future*- with the ambition to propose a global strategy for change, at the centre of which stands the concept of sustainable development of the planet, so as to create "*... the opportunity to meet the needs of the present generation without compromising the ability of future generations to meet their own needs*". The topic was developed at the conference of the UN Environment and Development, with the participation of 150 countries in 1992, in Rio de Janeiro, where the program Agenda 21 was adopted. Twenty years later, the United Nations Conference on Sustainable Development (Rio + 20) was the largest international event in the history of the UN, nearly 50 000 participants from 91 Member States adopted the final document "The future we want". The text is a platform that contains targeted actions to help bring about positive global change. It adopted and defined the term "*green economy*" as *economy that simultaneously 1/ contributes to the reduction of poverty, 2/ achieves sustainable economic growth, 3/ encourages social inclusion, 4/ improves human welfare and 5/ creates employment opportunities and fair jobs, while 6/ maintaining healthy functioning of terrestrial ecosystems.*

A.2.2. In 1999 The World Economic Forum in Davos, Switzerland, on the initiative of the United Nations, systematized for the first time basic principles of socially responsible behaviour of business organizations. *The UN Global Compact* was created which aims at strengthening the social responsibility of business, by fulfilling *ten universal principles in the areas of human rights, working conditions, environmental protection and fight against corruption.* Fifteen years later, the Global Compact created a platform in which real cooperation between businesses, governments, investors, academics and civil society organizations attracted over 12 500 members, bringing together 88 local networks. More than 500 higher education institutions are members of the initiative, while the assets managed under the Principles for Responsible Investment - are USD 45 trillion.

A.2.3. In 2003, the International Organization for Standardization launched a process of creating a standard for social responsibility, which was officially

titled ISO 26000 Social Responsibility and was adopted on 1 October 2012. The standard was developed with the participation of experts from more than 90 countries and 40 international or regional organizations. It introduced the most extensive definition of social responsibility: "***responsibility of the organization to influence its decisions and activities on society and the environment through transparent and ethical behaviour that: 1/ promotes sustainable development; 2/ takes into account the expectations of stakeholders; 3/ is in accordance with the law and international norms of behaviour; 4/ is integrated throughout the organization and applied in its relationships with other persons.***" Social responsibility in the context of ISO 26000 is addressed to a wide range of organizations and a wide range, including the private sector, government institutions and the non-governmental sector.

A.2.4. In 2008 during the eighth session of the Council of Human Rights (HRC) endorsed the "Report of the Special Representative of the UN Secretary General on human rights, international corporations and other business enterprises", which marks the foundation of the subject business and Human Rights (BHR) worldwide. The report adopted by the HRC, leads to setting clear boundaries dividing the responsibility of the government and business to respect, promote and provide effective means to protect the fundamental human rights recognized in the Universal contractual instruments on human rights. It led to the adoption of a number of other strategic documents in the field of CSR, including the adoption of a new strategy for CSR in the EU.

A.2.5. ***OECD Principles of Corporate Governance*** were developed in 1999 together with the governments of the member-states, international organizations and the private sector. They are currently the only internationally accepted principles fully covering corporate governance and legal, institutional and regulatory structures and practices that create the environment in which companies operate. Their observance is recognized by the ***Financial Stability Forum as one of the twelve core standards for a healthy financial system.*** The principles ***are not binding.*** Their aim is to contribute to improving the legal, institutional and regulatory framework of corporate governance. In order to promote the implementation in Bulgaria of the OECD Principles of Good Corporate Governance, in 2003 the Financial Supervision Commission introduced a requirement for all public companies to develop and implement ***a Program for the implementation of internationally recognized standards for good corporate governance.***

A.2.6. Particular emphasis on protecting the interests of all stakeholders was laid by *UN Global Compact* which can be defined as ***the largest global corporate citizenship initiative*** bringing together representatives of a voluntary network of public authorities, businesses, social partners, NGOs. They are all united by the idea of achieving sustainable development through compliance with ten fundamental principles relating to human rights protection, health and safety conditions at the workplace, environmental protection and the adoption of anti-corruption initiatives. Organizations that have acceded to the Treaty are obliged to publish on the website of the initiative annual reports of the implementation of the principles in their practice. The largest worldwide open platform of voluntary corporate social responsibility currently unites 12500 members. Since 2011 there has been division of the types of members in accordance with the progress reports they submit. The so called "advanced" members report on a methodology, which generally matches the requirements of the Global Reporting Initiative. Since 2012 all types of members, including civil society organizations and universities have an obligation to prepare reports on their progress.

A.2.7. ILO Declaration on Fundamental Principles and Rights at Work (1998) ***affirming freedom of association and collective bargaining, prohibition of forced and child labour and discrimination***. This declaration is confirmed by the ILO Declaration on Social Justice for a Fair Globalization adopted in June 2008.

A.2.8. ILO Tripartite Declaration on ***Principles regarding multinational enterprises and social policy*** (2000) recommendations for employment, training, working conditions life and industrial relations. It is supported by the recommendations of the OECD to multinational companies.

A.2.9. ***The Global Reporting Initiative*** promotes disclosure of information on the impact of companies on the state of society and the environment by developing and publishing social and environmental reports. The framework offered by this initiative, has the advantage that allows for comparison between companies, by measuring the results achieved by companies through six sets of indicators for assessment of economic ***performance, environmental impact, labour practices and working conditions, respect for human rights, the impact on society, product responsibility***. The latest version of the accounting framework G4 is designed to be compatible with a wide range of different reporting formats and is designed to align with internationally recognized frameworks such as the

OECD Guidelines for Multinational Enterprises, the UN Global Compact, the UN Guiding Principles for Business and human rights.

B. CSR development with a European dimension

A.2.10. Almost ten years of full membership of Bulgaria in the European Union suggests *that European culture and values in all areas of socio-economic environment* including the organization of business operations are part of the culture of Bulgarian society⁵⁶. This, together with increased legislative and public pressure and market expectations *turns the concepts of corporate social responsibility and sustainable development and their positive effect on the whole society is the only reasonable and acceptable approach for doing business, to which all economic actors* aspire.

A.2.11. In 2000 at a summit of the European Council in Lisbon heads of state for the first time direct appeal to business with "*special appeal to the sense of corporate social responsibility of companies with regard to best practices for lifelong learning, work organization, equal opportunities, social inclusion and sustainable development*". In the same year in Britain the world's first Minister of CSR was elected.

A.2.12. In 2001 the European Commission published a document summarizing the understanding of the essence of corporate social responsibility: "The European Union is concerned about corporate social responsibility, as it can significantly contribute to achieving the strategic objective of Lisbon - the EU to become the most competitive and dynamic economy based on knowledge. " According to the definition provided then by the European Commission, CSR is: "a concept whereby companies integrate voluntary activities on environmental and social initiatives into their business strategies and in cooperation with all stakeholders."

A.2.13. The Council of Europe also has taken concrete actions in the field of corporate social responsibility since 2010 ⁵⁷when the Parliamentary Assembly adopted Resolution 1757⁵⁸ Recommendation 1936⁵⁹ on the issue of "human rights

⁵⁶ Bakardzhieva R., European concept for corporate social responsibility, Burgas, 2011, pp 330-340.

⁵⁷ Council of Europe, Corporate social responsibility in the field of human rights (Presentation), http://www.coe.int/t/dghl/standardsetting/hrpolicy/Other_Committees/HR_and_Business/Default_en.asp.

⁵⁸ Resolution 1757 (2010) Final version, Human rights and business, Text adopted by the Assembly on October 2010 (32nd Sitting), <http://assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=17903&lang=en>.

⁵⁹ Recommendation 1936 (2010) Final version, Human rights and business, Text adopted by the Assembly on 6 October 2010 (32nd Sitting), <http://assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=17904&lang=en>.

and businesses." Led by the UN Guiding Principles (UN Guiding Principles), the European institutions became this topic top priority in the continent; has created a special project group on business and human rights⁶⁰ (CDDH-CORP) And on 16 April 2014 The Council of Ministers adopted a political declaration expressing this support.⁶¹

A.2.14. In 2011 the renewed EU Strategy for CSR for the period 2011-2014 specifically highlights the need for increased social responsibility of enterprises and enhancing their "influence on society." Namely the impact on society becomes the centre of the concept of corporate social responsibility. The main focus of CSR is placed on: **accountability, transparency, openness and responsible behaviour**. In this regard, European companies are facing many challenges, the most important of which are: a) incomplete integration of social and environmental aspects of corporate business strategies; b) failure to comply with basic standards in the field of labour relations; c) the lack of a national strategy for promoting CSR.

A.2.15. On 29 January 2013 the European Parliament declared that the strengthening of CSR should be improved through⁶²: emphasis on global instruments for CSR; new impetus by the leading companies in this field; the companies' disclosure of information concerning social issues and the environment; the use of appropriate guidelines; support for initiatives by public authorities to create favourable conditions for cooperation for the benefit of corporate social responsibility and the provision of appropriate methods and tools such as a system to motivate; comprehensive analysis of the impact of current CSR initiatives; support for new initiatives in the social field; adapting CSR to the needs of SMEs; and greater recognition both within the business community and in society as a whole of the huge scale of the social and environmental challenges facing Europe and the world.

A.2.16. The 22 October 2014 Directive 2014/95 / EC of the European **Parliament and of the Council amending Directive 2013/34 / EU regarding the**

⁶⁰ CDDH 78th meeting, 25 – 28 June 2013, Appendix V, CDDH Terms of reference for its Drafting Group on Human Rights and Business (CDDH-CORP), http://www.coe.int/t/dghl/standardsetting/hrpolicy/Other_Committees/HR_and_Business/Documents/ToR_CDDH-CORP_en.pdf.

⁶¹ Declaration of the Committee of Ministers on the UN Guiding Principles on business and human rights, Adopted by the Committee of Ministers on 16 April 2014 at the 1197th meeting of the Ministers' Deputies, <https://wcd.coe.int/ViewDoc.jsp?id=2185745&Site=CM&BackColorInternet=C3C3C3&BackColorIntranet=EDB021&BackColorLogged=F5D383>.

⁶² European Parliament Report A7 - 0023/2013 on Corporate Social Responsibility: accountable, transparent and responsible behaviour of businesses and sustainable growth (2012/2098 (INI))

disclosure of financial information and information about the diversity of some big companies and groups which will enter into force on 1 January 2017 and is a European act which unlike the initiatives considered above will have legally binding force.

The Directive provides that: "Certain large companies should submit non-financial statements containing *information relating to at least the issues related to the environment, employees and social affairs, respect for human rights, fight against corruption and bribery*. The declaration must include a description of policies, results and risks associated with these issues, and it should be included in the report on the activities of the undertaking. The non-financial statement should include information on the processes of due diligence applied by the company, also in terms of supply chains and the chains of subcontracting enterprises, if appropriate and proportionate in order to identify, prevent and mitigate existing and potential adverse impacts.

This statement should contain, in terms of environmental issues, detailed information on the current and foreseeable impact of the enterprise on the environment and appropriate health and safety, the use of renewable energy and/or non-renewable energy, greenhouse gas emissions, water consumption and air pollution. *In terms of social issues and issues with employees, the information provided in the declaration may refer to actions taken to ensure gender equality, the implementation of the basic conventions of the International Labour Organisation, working conditions, social dialogue, respect for the right information and consultation of workers, respect union rights, health and safety in the workplace, dialogue with local communities and / or actions taken with regard to the protection and development of these communities. In terms of human rights, fight against corruption and bribery the non-financial statement could include information on the prevention of violations of human making and/or tools available to combat corruption and bribery. "*

B. CSR development with national dimensions

A.2.17. The National *Strategy for Corporate Social Responsibility* was adopted in 2009 with a term until 2013. The working group for the preparation of the document included a wide range of representatives of the state administration, social partners and stakeholders. The strategy was adopted by the Council of Ministers together with a plan for its implementation.

A.2.18. In order to promote the implementation in Bulgaria of the principles of good corporate governance, in 2007 the ***National Code of Corporate Governance*** was adopted. At the basis of the Code is the understanding of corporate governance as ***balanced interaction between shareholders, management of companies and stakeholders***. Therefore, it is possible to define the Code as a step towards imposing CSR principles, inasmuch as the relations with stakeholders put sharper focus and stressed that good corporate governance means loyal and responsible corporate governance, transparency and independence and responsibility of the company to the public. In 2014 53 public companies in Bulgaria signed the National Corporate Governance Code and its requirements for public disclosure of information.

APPENDIX 3

International instruments and initiatives on CSR to which the Republic of Bulgaria is signatory

A.3.1. International acts

A.3.1.1. Universal international legal instruments:

- Universal Declaration of Human Rights (adopted by the UN General Assembly 10 December 1948);
- International Covenant on Civil and Political Rights, 1966 (Ratified by Bulgaria in 1970, effective in force for Bulgaria since 1976);
- International Covenant on Economic, Social and Cultural Rights, 1966 (Ratified by Bulgaria in 1970, effective in force for Bulgaria since 1976);
- International Convention on the Elimination of All Forms of Racial Discrimination, 1966 (in force for the Republic of Bulgaria since 1966);
- Convention on the Elimination of All Forms of Discrimination against Women, 1979 (in force for the Republic of Bulgaria since 1982);
- Convention on the Rights of the Child, 1989 (in force for the Republic of Bulgaria since 1991);
- ILO conventions governing core labour standards, namely:
 - ✓ Convention № 29 on Forced or Compulsory Labour (in force for the Republic of Bulgaria since 22. September 1933), which requires the elimination of the use of forced or compulsory labour in all its forms, such as the need to regulate and control by responsible institutions and tracking results;
 - ✓ Convention № 87 on Freedom of Association and Protection of the Right to Organise, 1948 (in force for the Republic of Bulgaria since 8 June 1960) to "promote the principle of freedom of association" as one means to improve the situation of workers and ensure peace;
 - ✓ Convention № 98 on the Right to Organise and Collective Bargaining, 1949 (in force for the Republic of Bulgaria since 8 June 1960), which regulates the right to organize, collective bargaining and protection of freedom of association in employment;
 - ✓ Convention № 100 on Equal Remuneration, 1951 (in force for the Republic of Bulgaria since 7 October 1956) on equal pay for men and women workers for work of equal value in determining the responsible authorities and the process of tracking results;

- ✓ Convention № 105 on the Abolition of Forced Labour, 1957 (in force for the Republic of Bulgaria since 23 March 2000), which obliges acceding countries to eliminate and refrain from any form of forced or compulsory labour, representing a violation of human rights mentioned in the UN Charter and proclaimed in the Universal Declaration of Human Rights;
- ✓ Convention № 111 concerning Discrimination in Respect of Employment and Occupation, 1958 (in force for the Republic of Bulgaria since 22 July 1961) regulates the adoption and implementation of policies that promote equality of opportunity and treatment in employment and occupation, with a view to eliminating discrimination and exercising the right of all people regardless of their race, religion or sex to pursue their material well-being and spiritual development in freedom and dignity in terms of economic security and equal opportunities;
- ✓ Convention № 122 of ILO on Employment Policy, 1966 (in force for the Republic of Bulgaria since 9 June 2009) on "the right of every individual to work, to free choice of employer, to just and favourable conditions of work and to protection against unemployment";
- ✓ Convention № 138 concerning Minimum Age for Admission to Employment, 1973 (in force for the Republic of Bulgaria since 23 April 1981) on conducting a national policy designed to ensure complete elimination of child labour and progressively raising the minimum age for admission to employment to a level which allows adolescents to reach the fullest physical and mental development;
- ✓ Convention № 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999 (in force for the Republic of Bulgaria since 28 July 2001) for the regulation of immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour (children are all persons under 18 years of age) and mechanisms for monitoring and control.

A.3.1.2. Regional European international acts

A.3.1.2.1. Acts of the Council of Europe:

- Convention for the Protection of Human Rights and Fundamental Freedoms (1950);
- European Social Charter (revised) (1961).

A.3.1.2.2. Acts of the European Union:

- Charter of Fundamental Rights of the European Union attached to the Treaty of Lisbon;
- Secondary law of the European Union - regulations and directives.

A.3.2. Other international universal and regional (European) initiatives and documents:

- UN Global Compact since 2000 This is the largest CSR initiative worldwide. In our country, this initiative is organized by UNDP in 2003;
- European Union Biodiversity Strategy to 2020;
- Global Strategy for Plant Conservation 2020;
- International Standard ISO 26000 - "Guidelines on Social Responsibility", which provides guidance on the fundamental principles and issues constituting social responsibility and ways of its implementation in an organization. The Republic of Bulgaria participates in the development of this standard.

APPENDIX 4

National acts related to corporate social responsibility

A.4.1. Framework documents:

- Europe 2020: National Reform Programme update 2015 .;
- National Strategy for Equal Opportunities for All;
- Strategy to Ensure Equal Opportunities for People with Disabilities (2008-2015);
- National CSR strategy (2009-2013);
- National Concept for Social Economy 2012;
- Action Plan for the Social Economy 2014-2015;
- National Plan for Employment Promotion for 2015;
- A National Strategy to Reduce Poverty and Promote Social Inclusion;
- A National Strategy to Promote Equality Between Women and Men 2009-2015;
- National Action Plan for the Promotion of "Green Procurement" (2012-2014);
- National Strategy for Management and Development of the Water Sector in the Republic of Bulgaria;
- Maritime Strategy of the Republic of Bulgaria;
- Strategic Action Plan for Environmental Protection and Rehabilitation of the Black Sea;
- National Programme for the Necessary Measures Concerning the Tendency to Drought;
- National Programme to Reduce Total Annual Emissions of Sulfur Dioxide, Nitrogen Oxides, Volatile Organic Compounds and Ammonia into the Air;
- National Priority Framework for Action (NPFA) for Natura 2000;
- Strategic Plan for Biodiversity 2011-2020 and the Aichi Targets on Biodiversity;
- National Plan for the protection of the most important wetlands in Bulgaria for the period 2013-2022;
- National Action Programme for sustainable land management and combating desertification in the Republic of Bulgaria (updated programme for 2014-2020);
- Financial management of disaster risk and insurance options for adaptation to climate change in Bulgaria;

- Analysis and assessment of risk and vulnerability of sectors in the Bulgarian economy from climate change;
- National Plan for Waste Management for the period 2014-2020;
- National strategic plan for the gradual reduction of the quantities of biodegradable waste going to landfill;
- National Strategic Plan for the management of waste from construction and demolition waste on the territory of the Republic of Bulgaria for the period 2011-2020.

A.4.2. Main statutes:

- Constitution of the Republic of Bulgaria;
- Social Security Code;
- Labour Code;
- Family Code;
- Combating Delinquency of Minors Act (Title amend. - promulgated in SG No. 11 of 1961);
- Guaranteed Claims of Employees in Case of Insolvency of Employer Act;
- Child Protection Act;
- Protection from Discrimination Act (Title amend. - SG No 68 of 2006);
- Health Insurance Act;
- Health and Safety at Work Act;
- Labour Inspection Act;
- Integration of People with Disabilities Act;
- Informing and Consulting Employees in Multinational Enterprises, Enterprise Groups and European Companies Act;
- Employment Promotion Act;
- Defence and Armed Forces of the Republic of Bulgaria Act;
- Legal Aid Act;
- Social Assistance Act;
- Asylum and Refugees Act;
- Settlement of Collective Labour Disputes Act;
- Environmental Protection Act;
- Liability for Preventing and Remediating Environmental Damage Act;
- Waste Management Act;
- Clean Air Act;
- Mineral Resources Act;

- Protection from the Harmful Effects of Chemical Substances, Mixtures and Products Act;
- Biodiversity Act;
- Protected Areas Act;
- Ratification of the Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal Act;
- Personal Data Protection Act;
- Prevention and Ascertainment of Conflict of Interest Act;
- Consumer Protection Act;
- Access to Public Information Act.

A.4.3. Major documents of the ESC:

- Analysis of the Economic and Social Council on "Corporate Social Responsibility - Some Approaches and Best Practices", December 2009;
- Analysis of the Economic and Social Council on "Social Audit - Experience and Prospects for Development", December 2010

APPENDIX 5

Current research on the state of implementation of CSR practices in Bulgaria

Survey "Attitudes and activities of firms in the field of corporate social responsibility	Implementation period: 5-25 April 2015 Method: Online survey Respondents: 128 specialists and managers of enterprises Author: Bulgarian Industrial Association Source: www.csrforall.eu
Study "Patterns of inclusion of CSR in SMEs"	Implementation period: November 2013 - April 2014 Method: Poll Respondents: 309 owners and managers in SMEs Author: Sofia University "St. Kliment Ohridski " Source: www.vuzf.bg
Empirical study of the application of international standards for corporate social responsibility in Bulgarian companies	Bakardzhieva, R., international standards for corporate social responsibility in times of uncertainties and risks: Opportunities and Prospects for Development, Publishing "Paisii Hilendarski", Plovdiv, 2014, pp28-40. A systematic account has been made of the theoretical base on international CSR standards. An empirical study of the application of these standards in the Bulgarian companies has been provided. The barriers that hinder businesses in the implementation of standards have been outlined. Conclusions have been drawn and recommendations to business on the application of standards have been made.
Empirical study of the application of international standards for CG and CSR in Bulgaria 131 public companies in Bulgaria, listed on the stock exchange	Mitko Dimitrov, Spartak Keremedchiev Plamen Chipev Radostina Bakardjieva Valchin Daskalov, Nadezhda Ivanova, Corporate management XXI century. Establishment of standards for good corporate governance in Bulgaria, GorexPress, Sofia, 2014 Corporate governance issues have been examined, including CSR in theoretical and applied aspects. The most recent theoretical formulations in the study area have been presented. It summarizes the results of an empirical study of 131 public companies in Bulgaria listed on the stock exchange. The results on the application of international standards for CG and CSR in Bulgaria have been summarised. Recommendations are made to institutions and companies.
Attitudes and awareness of stakeholders on corporate social responsibility (CSR) in areas with inclusion of enterprises in the social economy	Implementation period: December 2012 Method: qualitative and quantitative study Respondents: 471 respondents (300 businessmen and 171 representatives of stakeholders) Author: Institute for Marketing and Social Research Source: http://www.mlsp.government.bg/

APPENDIX 6

CSR and sectoral collective bargaining in Bulgaria

Collective bargaining is essential for the implementation of the principles of corporate social responsibility and its practices in the economy. In the Bulgarian context, there are already certain tendencies among the social partners to include clauses relating to the implementation of the principles and practices of corporate social responsibility (CSR).

In Bulgaria, the arrangements for implementing CSR are included in collective agreements at the enterprise level and in industry or sectoral collective agreements. **Here we provide available information on collective agreements reached at sectoral or branch level which directly affect the implementation of CSR in companies.**

A.6.1. Introduction A little background information

First, the focus should be the brewing industry where sectoral collective agreements are defined as "meeting the experience of multinationals in social dialogue and corporate social responsibility." Clear orientation of the industry in this direction dates back to the Branch collective agreement of 2004 and the Charter of the ethical standards of the social partners in the brewing industry by 2005⁶³.

As another innovation in bipartite social dialogue, related to the application of the principles of corporate social responsibility can be seen signing a protocol of intent on signing a regional - branch agreement between the Trade Union for Economic Initiative in Transportation - Pernik and the Trade Union regional Confederation of Labour "Podkrepa"- Pernik. The latter attempts to implement an innovative form of bipartite social dialogue that is not regulated in the Labour Code⁶⁴. This fact is even more significant taking into account that the Trade Union for Economic Initiative in Transportation, then and now, includes exclusively small enterprises.

⁶³ Detchev, T., B. Stoicheva, Examples of innovative approach to collective bargaining in Bulgaria, In: Stoicheva, B, C. Ilkov T. Detchev, Innovations in collective bargaining. European and Bulgarian Aspects, scholarly edition of Prof. Nansen Behar and Teodor Dechev, "Friedrich Ebert", S., 2005, pp 166-182. See pp 166-170.

⁶⁴ Ibid, see: pp 176-177. The agreement considers possibilities for cooperation in the field of general development of the road transport industry in the region and municipality of Pernik; general work towards optimizing the transport patterns of the municipalities in the region - the development in the interest of end consumers with balanced reporting capabilities and interests of transport undertakings; combating all forms of discrimination in wide and narrow context of the industry - incl. . action to protect the interests of people with special needs (people with disabilities); fight corruption, unfair competition, unregulated lobbying; opposition to the illegal transport and gray economy in road transport in the region. Moreover, it considers opportunities for joint action towards improving the safety of passengers as a result of compliance with the technological discipline, prevention of drinking, working in a state of exhaustion and/or illness that creates risk for transport safety.

A.6.2. The context of sectoral and collective bargaining in Bulgaria.

Below we present the context of sectoral / branch (in Europe - sectoral) collective bargaining in the real economy in Bulgaria. All sectoral and collective agreements signed during the period 2011-2014 are included. Some of these collective agreements are still in force. The rest have expired relatively recently.

Included are all Sectoral and Branch Collective Agreements concluded at the level of sector / industry (or in enterprises that practically coincide with the scope of the industry) between sectoral / industry employers' organizations, members of nationally representative employers' organizations and representative branch / trade union organizations.

Collective agreements concluded in public institutions - ministries and agencies as well as individual companies, state-owned, which are not consistent with the industry, were not included.

The number indicated in the specialized register of General Labour Inspectorate Executive Agency (GLIEA) where collective agreements are registered, and the date of entry of the relevant collective agreement in the specialized register. The main parties to the Sectoral and Branch Collective Agreements and their period of validity are indicated. Source of information GLIEA.

A.6.3. Sectoral and Branch Collective Agreements in the real economy, concluded in 2014

№	Date of entry	Employers' side	Union side	Duration
1	2 January 2014	Bulgartabac Holding AD; "Blagoevgrad - BT" AD; "Sofia - BT" AD; "Pleven - BT" AD	Independent Syndicate of tobacco workers at CITUB; National Syndicate "Tobacco industry" - "Podkrepa"	Since 1 January 2014 1 year
An.	20. January 2014	Bulgarian Branch Chamber "Machine Construction"	NSF "Metal - Electro" - CITUB; SFMI - "Podkrepa"	Annex to BCA №2 / 2012 Extend the term of BCA to 31 December 2014
4	25 2 2014	Union of water and sewerage operators in Bulgaria	Federation "SIWS" - "Podkrepa"; NBS "Water Supply" - CITUB	Since 19 2 2014 for two years.
5	18 March 2014	Branch chamber of employers in the pulp and paper industry	FTUOFWI - CITUB; FLP "Podkrepa"	Since 1 April 2014 for two years.

7	30 May 2014	"Bulgarian Posts" EAD	SPS - CITUB; Federation "Telecommunications" - "Podkrepa"; Democratic union telecommunications to ADA	Since 1 April 2014 for two years.
11	17 July 2014	Bulgarian Branch Chamber "Roads"	Federation "Construction, industry and water supply (CIWS)" - CL "Podkrepa"; Trade Union "Road work" - CITUB	Since 14 July 2014 for two years.
12	30 July 2014	Chamber of Electrical Engineering in Bulgaria; Bulgarian Chamber of Electronic Industry and Informatics	NFTIRI - "Podkrepa"; SFOEMI - CITUB	Since 24. July 2014 for two years.
17	May October 2014	Branch Chamber of Woodworking and Furniture Industry	FTUOFWI; FLP - Podkrepa	Since 1 October 2014 for two years.
20	29. December 2014	Bulgartabac Holding AD	Independent trade union CITUB, tobacco; National Syndicate "Tobacco industry" - "Podkrepa"	Since 1 January 2015 for 1 year.

A.6.4. Sectoral and Branch Collective Agreements in the real economy, concluded in 2013

№	Date of entry	Employers' side	Union side	Duration
4	5 March 2013	Construction Chamber Bulgaria	Federation "SIWS" - CL "Podkrepa"; Federation of Independent construction unions - CITUB	Since 1 January 2013 for two years.
6	19. March 2013	Bulgarian Mining and Geological Association	Federation of Independent Trade Unions of Miners - CITUB; Mining union federation - "Podkrepa"	Since 31 January 2013 for two years.
7	16 April 2013	Bulgarian Association of the Metallurgical Industry	Trade Union Federation "Metallic" - CITUB; Metallurgical trade union federation - "Podkrepa"	Since 4 October 2012 for two years.
8	October May 2013	Branch Chamber of Woodworking and Furniture Industry	FTUOFWI; FLP - Podkrepa	Since 1 October 2012 for 2 years
9	May July 2013	Union of Brewers in Bulgaria	Trade Union "Beer, Food and Beverages" with CITUB and Federation "Food and Beverage Industry" with CL Podkrepa	Since 1 July 2013 for 2 years

A.6.5. Sectoral and Branch Collective Agreements in the real economy, concluded in 2012

№	Date of entry	Employers' side	Union side	Duration
1	17 January 2012	Union of water and sewerage operators in Bulgaria	Federation "SIWS" - "Podkrepa"; NBS "Water Supply" - CITUB	Since 27 January 2012 for two years.
2	22 2012	Bulgarian Branch Chamber "Machine Construction"	NSF "Metal - Electro" - CITUB; SFMI - "Podkrepa"	Since 1 January 2012 for 1 year.
4	May March 2012	Branch chamber of employers in the pulp and paper industry	FTUOFWI - CITUB; FLP "Podkrepa"	Since 1 April 2012 for two years.
8	27 April 2012	Trading Union in Bulgaria	National Trade Union Federation for trade, cooperatives, tourism, credit and public services - CITUB; National Federation for "trade, services, tourism and supervisory bodies" - CL Podkrepa	Since 1 January 2012 for two years.
9	27 April 2012	Bulgarian Tourist Chamber	Trade Union for Tourism in Bulgaria - CITUB; National Trade Union Federation for trade cooperatives tourism, credit and public services - CITUB; National Federation for "trade, services, tourism and supervisory bodies" - CL Podkrepa	Since 1 April 2012 for two years.
10	September May 2012	"Bulgarian Posts" EAD	SPS - CITUB; Federation "Telecommunications" - "Podkrepa"; Democratic union telecommunications to ADA	Since 1 April 2012 for two years.
13	April July 2012	Bulgartabac Holding AD; "Blagoevgrad - BT" AD; "Sofia - BT" AD; "Pleven - BT" AD	Independent trade union CITUB, tobacco; National Syndicate "Tobacco industry" - "Podkrepa"	Since 1 July 2012 until 31 December 2013
16	08 08 2012	Association of Bulgarian airlines; Branch Union for Economic Initiative transport; association of owners of private train wagons	Union of Transport Trade Unions in Bulgaria (UTTUB) - CITUB; SAR in Bulgaria; Transport Workers' Federation - CL "Podkrepa"	Since 18 July 2012 for two years.

17	13.08.2012	Bulgarian Branch Chamber "Roads"	Federation "Construction, industry and water supply (CIWS)" - CL "Podkrepa"; Trade Union "Road work" - CITUB	
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A.6.6. Sectoral and Branch Collective Agreements in the real economy, concluded in 2011

№	Date of entry	Employers' side	Union side	Duration
3	25.2.2011	Construction Chamber in Bulgaria	Federation "SIWS" - CL "Podkrepa"; Federation of Independent Construction Unions - CITUB	Since 4 January 2011 for two years.
4	July-March 2011	Bulgarian Mining and Geological Association	Federation of Independent Trade Unions of Miners - CITUB; Mining union federation - "Podkrepa"	Since 31 January 2011 for two years.
5	22. March 2011	Union of Poultry Breeders in Bulgaria	Federation of Independent Trade Union Organization in the Food Industry - CITUB; Federation "Food and Beverage Industry" - CL "Podkrepa"	Since 09 March 2011 for two years.
6	22. March 2011	Union producers of compound feed	Federation of Independent Trade Union Organization in the Food Industry - CITUB; Federation "Food and Beverage Industry" - CL "Podkrepa"	Since 1 March 2011 for two years.
7	March-May 2011	Bulgarian Association of the Metallurgical Industry	Trade Union Federation "Metallic" - CITUB; National Federation "Metallurgy" - CL "Podkrepa"	Since 4 October 2010 for two years.
8	28 May 2011	Union of Brewers in Bulgaria	Trade Union of manufacturers of beer, food and drinks - CITUB; Federation "Food and Beverage Industry" - CL "Podkrepa"	Since 20 May 2011 for two years.
10	June-July 2011	Bulgartabac Holding AD	Independent trade union CITUB, tobacco; National Syndicate "Tobacco industry" - "Podkrepa"	Since 1 July 2011 for two years.
15	28 December 2011	Bulgarian Branch Chamber of Power Engineers	National Federation of Energy Workers - CITUB;	Since 1 December 2011

			Federation "Energy" - CL "Podkrepa"; National Trade Union Federation of the Energy Sector in Bulgaria - CITUB; Federation "Nuclear Energy" - CL "Podkrepa"	for two years.
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A.6.7. Specific arrangements for corporate social responsibility in Sectoral and Branch Collective Agreements.

Below are the specific arrangements relating to the implementation of corporate social responsibility (CSR), achieved in sectoral and collective agreements in the real economy in the Republic of Bulgaria.

A.6.7.1. The sectoral collective agreement for workers in the metal industry signed on 27 January 2012. (incorporated in the CLIEA under № 2/02. 2 2012) in Article 26, para. (3) provides that:

"The parties shall carry out concerted actions to:

- increase the qualification of their employees, participate in the validation of informally acquired knowledge, skills and competencies;
- limit the instances of informal economy in companies and reduce its share in other sectors, to which qualified worker may go due to the fact that there they can receive informal payments in cash;
- promoting and expanding the implementation of best practices of corporate social responsibility. "

A.6.7.2. In an annex to the sectoral collective agreement for workers in the metal industry for 2012 (registered in GLIEA under № 2/02. 2 2012), signed on 14 January 2013. A new Article 46 was created dedicated entirely to corporate social responsibility. It reads:

"The parties to the Collective Agreement propose that enterprises should analyze annually their activities in the field of corporate social responsibility (CSR) under this collective agreement and depending on the capabilities of the companies to provide new, motivating employees to remain at work in them and to increase their qualification and labour productivity. "

A.6.7.3. In subsequent annex to the sectoral collective agreement for workers in the metal industry for 2012 (registered in GLIEA under № 2/02. 2 2012), signed on 30 January 2015, section 3, subsection 3.2, the parties agreed that:

"It is recommended for employers in enterprises to negotiate wage increases by 5 percent compared to the same from 1 January 2014 in order to retain qualified personnel, motivate young people to start work in companies, limit the practice of skilled workers being attracted to work for other companies against informal cash payments."

A.6.7.4. In the electrical and electronics industry, the promotion of the principles and practices of corporate social responsibility has been agreed in the sectoral collective agreement signed on 24 July 2014.

Article 2 para. (4) Item 2 the parties declare:

- "a) the need for the continuation and development of social dialogue, collective bargaining and supporting the development of corporate social responsibility in the sector in line with European principles and practices;
- b) making corporate social responsibility, based on the international standard on social responsibility SA8000, a prestigious social norm for companies, contractors and subcontractors in the sector, which will ensure:
- ensuring equal rights and opportunities for work and development of employees, fair wages and respect for human rights;
 - maintaining high economic growth through a dynamic, competitive and high-tech environment based on knowledge and training;
 - safe and healthy working conditions for employees;
 - high ethical standards and transparent business relations."

A.6.7.5. In the sectoral collective agreement between the employer and the representative trade unions in the transportation industry, signed on 18 July 2012, the question of the application of the principles and practices of corporate social responsibility (CSR) is governed by a whole separate chapter - Chapter Five of the collective agreement.

It includes articles 50-53, which stipulate:

"**Article 50, para (1).** In the process of social partnership, the parties to this contract shall support the development of corporate social responsibility (CSR) through the recognition of a higher degree of social obligations in compliance with the Bulgarian legislation and European standards.

para (2) Employers and trade unions parties to this collective agreement agree to observe and adopt behaviour integrating social commitment in relationships, sharing, recognize and implement the basic principles and policies of CSR.

para (3) The impact assessment of CSR on workers and society as well as the further development of social dialogue are key priorities of the industry.

para (4) The social partners agreed to making CSR a prestigious social norm that positively influences:

- the maintenance of high economic growth through dynamic, competitive and high-tech environment based on knowledge and training;
- communication and social partnership between employers and trade unions;
- the ability of the industry to attract and retain employees, customers and suppliers;
- development of relations with investors and competitors, public authorities, media and other stakeholders;
- adoption of policies for the promotion of "green initiatives" and other activities contributing to the community.

para (5) The employer shall be responsible for:

- adopting socially responsible behaviour in restructuring and modernization of production and management;
- creating opportunities for training and qualification of workers in order to make full use of their potential for career development and realization;
- creating a healthy social climate, social security of workers and sustainable employment;
- increasing motivation of employees with additional material, social and moral incentives;
- increasing the role and effectiveness of social dialogue and connecting the envisaged changes both with the interests of the enterprise and those of the workers;
- taking action to promote environmental protection, energy efficiency, pollution prevention, waste minimization and recycling;
- supporting social initiatives, scholarships for training, maintenance of parks, gardens, monuments and more.

para (6) The social partners agree to periodically update their CSR policy for sustainable development of the industry, contribution to society and environmental protection.

Article 51. The social partners negotiate the introduction of measures to reconcile work and private life by:

- negotiation of flexible forms of organization of working time for pregnant women and mothers with children under three years of age;
- prohibition of night and overtime work for pregnant women and mothers with children under three years of age;
- organizing additional qualification training after maternity leave and career support for reconciling work and private life;
- support the placement of children in kindergartens and support chronically ill persons.

Article 52. The social partners are committed to developing and strengthening the sectoral vision and quality of working life according to the objectives set in the strategy "Europe 2020": a favourable working environment, open communication, fairness in the evaluation and remuneration, attention to the needs of working - security, career development, participation in governance.

Article 53. The social partners implement coordinated actions and monitoring the economic environment and working conditions through:

- collaboration, organizing discussions, workshops and other forms of exchanging information and consultation;
- balance between flexibility and security in employment policy and human resources management with a focus on human capital development ".

A.6.7.6. Similarly, the branch collective agreement for workers in the brewing industry, signed on 20 May 2011 as well as the next branch collective agreement, signed on 1 July 2013 regulates the problems of corporate social responsibility in a separate section - section five. It includes articles 63-65 and stipulates as follows:

"Article 63, para. (1) In the process of social partnership, the parties to this contract support the development of corporate social responsibility (CSR) through the recognition of a higher degree of social obligations in compliance with the Bulgarian legislation and European standards.

(2) Employers and trade unions - parties to this collective agreement - agree to observe and adopt behaviour integrating social commitment

in relationships, sharing, recognizing and implementing the basic principles and policies of CSR.

(3) Assessing the impact of CSR on workers and society as well as the further development of social dialogue are key priorities of the industry.

(4) The social partners agree to work for the transformation of CSR in prestigious social norm that positively influences:

- The maintenance of high economic growth through dynamic, competitive and high-tech environment based on knowledge and training;
- Communication and social partnership between employers and trade unions;
- The ability of the industry to attract and retain employees, customers and suppliers;
- Development of relations with investors and competitors with municipalities and public authorities, with the media and other stakeholders;
- Adoption of policies for the promotion of "green initiatives" and other activities contributing to the community.

(5) The employer shall be responsible for:

- adopting socially responsible behaviour in restructuring and modernization of production and management;
- creating opportunities for training and qualification of workers in order to make full use of their potential for career development and realization;
- creating a healthy social climate, social security of workers and sustainable employment;
- ensuring a decent wage, linked to labour productivity and corresponding results;
- increasing motivation of employees with additional material, social and moral incentives;
- increasing the role and effectiveness of social dialogue and connecting the envisaged changes both with the interests of the enterprise and those of the workers;
- taking action to promote environmental protection, energy efficiency, pollution prevention, waste minimization and recycling;
- supporting social initiatives, scholarships for training, maintenance of parks, gardens, monuments and more.

(6) The social partners agree to periodically update their CSR policy for sustainable development of the industry, contribution to society and environmental protection

Article 64. The social partners negotiate the introduction of measures to reconcile work and private life:

- negotiation of flexible forms of organization of working time for pregnant women and mothers with children under three years of age;
- prohibition of night and overtime work for pregnant women and mothers with children under three years of age;
- organizing additional qualification training after maternity leave and career support for reconciling work and family life;
- support the placement of children in kindergartens and support chronically ill persons.

Article 65. The social partners are committed to developing and strengthening the sectoral vision and quality of working life according to the objectives set in the strategy "Europe 2020": a favourable working environment, open communication, fairness in the evaluation and remuneration, attention to the needs of working - security, career development, participation in governance⁶⁵.

According to the arrangements under Article 63, para. 7 of the Collective Agreement 2011 of workers in the brewing industry, signed on 20 July 2011, the social partners publicly signed a Memorandum of cooperation in the implementation of CSR policies in the brewing industry.

A.6.8. Some conclusions made based on the established progress in the setting of CSR principles and practices in collective bargaining in Bulgaria.

Researchers agree that corporate social responsibility is becoming more popular among Bulgarian managers and entrepreneurs. More and more companies state openly their aspirations towards the application of the principles and practices of corporate social responsibility.

Indeed, quite a long time in Bulgaria, researchers retained scepticism regarding actions towards the implementation of CSR, as they were evaluated as "normal philanthropy," or as "limited in scope activities in this direction." An impression was created of a "deficit of implementation of comprehensive, internationally recognized corporate models and standards that are part of a long-term strategy for sustainable growth and to include commitments: respect for human rights, creation of favourable conditions labour, environmental protection,

⁶⁵ Detchev, T., P. Sofia, Corporate Social Responsibility in sectoral collective bargaining in Bulgaria, the first part was published in the journal "Human resources" issue. 3-4, 2015, p. 30-33.

use of "green" technologies, reduce the use of resources, combating corruption and consumer protection "⁶⁶.

The reached agreements to implement the principles and practices of corporate social responsibility at the level of sectoral and collective agreements are a very solid evidence in a direction that for some time now no longer a matter of presenting the usual charity and philanthropy to business "Corporate Social Responsibility". The identified achievements in collective bargaining are evidence for a significant change in a positive direction. Without idealizing the achievements, they are clear evidence of the growing involvement of interested parties - in the case of social partners, employers and trade unions to work on applying the principles and practices of corporate social responsibility (CSR).

Here is the place to emphasize that the experts of the social partners justly felt the need to expand the practice of "negotiated corporate social responsibility". Experts of the employers, unions, and academics argued that "the relationship between collective bargaining and collective social responsibility should make part of the update of the Bulgarian national strategy for corporate social responsibility or any other act that affects this issue."

This implies:

- The inclusion of CSR by employers and trade unions as part of the process of modernization of the systems of collective bargaining;
- The inclusion of CSR in the subject field of collective negotiations and concluding collective agreements at the sectoral and branch level, at the enterprise level and in communities by negotiating additional effective measures in employment, education and training systems of labour remuneration in working time, reconciling work and family life, non-discrimination, etc.;
- Promotion of good contractual practices in CSR by existing agreements and discuss opportunities for extending them in accordance with legal procedures.

We put emphasis on the relationship between collective agreements and CSR. CSR cannot exclude the need for collective bargaining, which is not just a document but a form of partnership and of ensuring social peace.

The commitment of the social partners can not affect the decision-making towards sustainable development of companies and the imposition of forms of

⁶⁶ Bulgarian Business Leaders Forum, CSR in Bulgaria, as of 30 April 2015, <http://www.bblf.bg/content/30/%D0%9A%D0%A1%D0%9E+%D0%B2+%D0%91%D1%8A%D0%BB%D0%B3%D0%B0%D1%80%D0%B8%D1%8F>.

transparent reporting of the results achieved through the preparation of annual reports on sustainable development and corporate social responsibility.

According to the Bulgarian Business Leaders Forum (BBLF), progress has been made in the implementation of "transparent and responsible corporate governance" in Bulgaria. A serious leap in the direction of expanding the transparent reporting of achievements in the field of CSR, coincides with the midpoint of the time period of implementation of the Bulgarian national CSR strategy (2009-2013).

Despite the registered optimistic trend of an increasing number of enterprises and companies that state their commitment to implementing the principles and practices of corporate social responsibility, the number of those that actually submit social reports remains very low.

APPENDIX 7

Good CSR practices of Bulgarian companies

Titles	Publisher	Year	Source
Nominations for Annual Awards for Responsible Businesses	Bulgarian Business Leaders Forum	2014	http://www.bblf.bg/initiatives/1/archive/2014
Golden Book of the European CSR partnerships	CSR Europe	2013	http://www.unglobalcompact.bg/?page_id=461
Golden Book of Bulgarian CSR partnerships	Bulgarian network of the UN General	2013	http://www.unglobalcompact.bg/?page_id=119
Nominations for Annual Awards for Responsible Businesses	Bulgarian Business Leaders Forum	2013	http://www.bblf.bg/initiatives/1/archive/2013/
European CSR Awards	Bulgarian network of the UN General	2013	http://www.unglobalcompact.bg/?page_id=368
Good practices	CSR Black Sea	2012	http://www.unglobalcompact.bg/?page_id=489
The European UN Global Compact Companies Towards Rio + 20, A BEST PRACTICES COLLECTION	Italian Global Compact Network UN	2012	http://www.globalcompactnetwork.org/files/pubblicazioni_stampa/pubblicazioni_network_italia/ungc_bpc_2012.pdf
Good CSR practices in Bulgaria	CSR Bulgaria	current	http://csr.bg/best-practices

APPENDIX 8

Networks of organizations dealing with CSR in Bulgaria

Network	Partners	Year	Source
1. Association of Directors of Investor Relations in Bulgaria	Companies, individuals, non-governmental organizations	2005	www.abird.info
2. Association of Industrial Capital in Bulgaria	Companies, industry and NGOs	1996	www.bica-bg.org
3. Bulgarian Business Leaders Forum	Companies, NGOs	1994	http://www.bblf.bg
4. Bulgarian network of the UN Global Compact	Corporate, NGOs, educational institutions	2003	http://www.unglobalcompact.bg/?lang=bg
5. Foundation "Help for charity in Bulgaria"	NGOs, corporate entities, individuals	1996	http://www.bcaf.bg/bg/ ; http://www.platformata.bg/
6. Bulgarian Industrial Association	Companies, industry and NGOs	1980	www.bia-bg.com
7. Bulgarian Chamber of Commerce and Industry	Companies, industry and NGOs	1985	http://www.bcci.bg
8. Bulgarian Donors Forum	47 members - companies and foundations	2004	http://www.dfbulgaria.org/za_bdf/predstaviane_bdf/
9. CSR Bulgaria	Corporate entities, NGOs, educational institutions, Branch organizations of the social partners	2010	http://www.csr.bg/
10. Confederation of Employers and Industrialists in Bulgaria	Companies, industry and NGOs	2006	http://krib.bg/
11. Confederation of Independent Trade Unions in Bulgaria	Employees, industry and nongovernmental organizations	1989	http://www.knsb-bg.org
12. Confederation of Labour "Podkrepa"	Employees, industry and NGOs	1988	http://www.podkrepa.org
13. CSR for all	Regional association of employers' organizations from Bulgaria, FYR Macedonia, Montenegro, Croatia, Romania, Serbia and Turkey	2011	http://www.unglobalcompact.bg/?page_id=368
14. Association for Corporate Social Responsibility	Alliance of NGOs - internet portal	2010	http://www.ngobg.info
15. National Alliance for Social	Alliance of	2009	http://nasoki.bg/bg/korporativna-

Responsibility - NASR	organizations providing social services		socialna-otgovornost
16. Junior Achievement	A division of Junior Achievement International business organizations, educational and other non-governmental organizations	1997	http://www.jabulgaria.org/

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