CSR AND LAW: HOW THEY INTERACT

By
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OUTLINE

1. Definition of CSR

2. CSR through law
   a. CSR beyond individual initiatives
   b. CSR through soft law
   c. CSR through hard law
   d. Conclusion

3. CSR for law
   a. Initiating rules
      b. Implementing and interpreting rules

4. Conclusion
Definition of CSR

“The responsibility of enterprises for their impacts on society”

Communication of the EU Commission to all European bodies on EU CSR strategy 2011-2014 (25.10.2011)
Panic-stricken react and resolve the crisis ad hoc

Aware identify rising CSR issues in business and sector on time

Leaders can influence CSR issues in business and sector ahead of time
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A rather extensive CSR agenda

- Environment
- Anti-Bribery
- Anti-Corruption
- Human Rights
- Labor and Employment Practices
- Supply Chain
- Tax Governance
- Consumers’ Interests
- Community Involvement
RULES:

• ADDRESS COMPLEXITY IN A UNIFORM WAY

• SERVE AS A SHELTER AGAINST ARBITRARY ALLEGATIONS FROM VARIOUS STAKEHOLDERS

• OFFER A COMPETITIVE ADVANTAGE AGAINST PEERS
EU requirement

“Respect for applicable legislation and for collective agreements between social partners…”

EU Commission Communication of 25.10.2011
**HARD LAW** refers to legally binding obligations issued by the competent legislative authorities

**SOFT LAW** refers to legally non-binding Codes, Principles, Declarations issued by non-state actors
CSR CHARACTERISTICS

• A DIALOG ENGAGING MULTIPLE OPPOSING INTERESTS FROM VARIOUS ACTORS

• IT LIES AT THE CROSSROADS OF INSTITUTIONAL AND DISCIPLINARY PATHS

• IT ADDRESSES THE TRIPLE BOTTOM LINE (PEOPLE – PLANET – PROFIT)
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SOFT LAW IS:

• FLEXIBLE
• INTERNATIONAL
• ENGAGING MULTIPLE ACTORS
• PROACTIVE
• MODERN
TRIPLE BOTTOM LINE PRINCIPLE

**PROFIT**
- UN Anti – Corruption and Bribery Convention
- International Accounting Standards
- Anti-trust and money-laundering Convention
- Corporate Governance

**PLANET**
- Kyoto Protocol
- Johannesburg Action Plan
- Rio Declaration
- UN Biodiversity Convention

**PEOPLE**
- International Bill of Human Rights
- ILO’s Declaration on Fundamental Principles and Rights at work
- UN Guiding Principles for Business and Human Rights
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HARD LAW

*State intervention:*

• provides a certain, concrete and consistent regulatory framework

• constitutes the proper guardian of the public interest

• supports and encourages CSR as a behavior
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Hard Law and Soft Law are complementary; their relationship is mostly characterized as a continuum rather than a dichotomy.
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Companies may initiate CSR hard laws when such regulation:

- Seems highly likely or unavoidable
- Strengthens their competitive advantage
- Enables/facilitates their compliance with global reporting standards
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CSR versus “Creative Compliance”

Being socially responsible means honoring the spirit of law and not merely its letter by escaping or circumventing its spirit.
An example of “creative compliance”

Tax avoidance
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Even if CSR is becoming increasingly a legal issue, significant part of its value lies still in its original conceptualization as going “beyond the law”, as being ultimately about business ethics in its ends, social and market pressure in its means.