



CSR Managers Survey 2015
in Central Europe.

How CSR has influenced Central
European societies and economies.
Lessons learnt and future trends.



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Survey info



The CSR Managers is a survey launched by the Responsible Business Forum, the largest and the oldest non-governmental CSR organization in Poland. The 2015 edition was undertaken for the 15th anniversary of Partnership for CSR in Poland. Deloitte and PBS are partners of the survey. Deloitte realized the Central European chapter of the CSR Managers Survey, except for the Polish edition.

15 years of Partnership for CSR in Poland is the most important CSR jubilee in Poland in 2015. The aim of the celebration is to sum up the achievements and developments during the 15 years of CSR work which were enabled by co-operation between many people, companies and institutions. The celebration of the 15th anniversary of Partnership for CSR in Poland has been initiated and organised by the Responsible Business Forum. The accompanying motto is: 'Business that changes the world. People that change business' (www.responsiblebusiness.pl).

Organizer of the Jubilee: Responsible Business Forum

Main Partners: Bank Zachodni WBK, Polski Koncern Naftowy ORLEN

Partner: Polskie Górnictwo Naftowe i Gazownictwo

Deloitte.





Introduction

Business is changing Central Europe for the better

Corporate social responsibility (CSR) and sustainable development are all new concepts that were mostly unknown through Central Europe less than 20 years ago. Today we can see a growing number of companies in our region that consistently follow in the footsteps of the most advanced global enterprises, implementing strategic initiatives and thus increasing their contribution to sustainable social and economic growth. This year we decided to check the level of CSR maturity of companies in Central Europe.

The report we are presenting is a first ever attempt to look at CSR practices in ten Central European countries: Bulgaria, Czech Republic, Kosovo, Lithuania, Latvia, Romania, Serbia, Slovakia, Slovenia and Hungary. The impetus behind our survey was to commemorate the 15th anniversary of the Responsible Business Forum¹. In addition to Deloitte's survey in Central Europe, the Forum and market research company PBS conducted the same survey among CSR managers in Poland. Both surveys show the role of CSR practitioners in promoting social responsibility in companies as well as their insights on the positive effects of CSR on the social and economic condition of each country.

One of the main conclusions found in this survey is that the majority of CSR managers in Central Europe (84%) believe business has played a role in solving social and economic problems in individual countries, in particular protecting the natural environment, supporting education and counteracting unemployment. CSR managers see the best chances for social and economic development of their countries in the impact of business on the growth in the competitiveness of the economy, the positive impact of enterprises on employment rates and aligning work availability with actual needs as well as their impact on the knowledge-based economy and intellectual capital growth. To a great extent, this change will be a result of pressure coming from customers who are increasingly expecting to see socially responsible products and services on the market (75%). This change, however, may be met with a few obstacles. Respondents of the survey expressed that some of the main obstacles for sustainable economic and business growth are the wrong perception of CSR

as a form of sponsoring, a lack of incentives from the state administration and businesses' reluctance to invest in CSR initiatives.

As a provider of CSR services to the private and public sector of Poland and 16 other European countries, we can see great potential for further development and professionalization of CSR services in our region. This potential was backed by our survey, which found that 76% of our respondents saw the potential for future development. Business has a very important role to play in this area, but it needs to receive support from the public sector (52% of the respondents from Central Europe complain about a lack of incentives from the state administration). The role of businesses should be to shape their national policies and implement the principles of low-emission, circular economy, energy efficiency as well as sustainable urban and rural development. We can see a lot of room for cooperation with and education of all stakeholders.

We have illustrated the results of our survey with quotations taken from CEOs from the region that we gathered during our work on the *Deloitte Central Europe 2015 CE top 500*² ranking of the largest Central European and Ukrainian companies. This year, for the first time in the history of the CE Top 500 survey, Deloitte asked the respondents about their sustainable development practices. As it turns out, one fourth of the companies included in the ranking declare that they do measure their own impact on the economy, society and the environment (mostly companies from the Czech Republic, Slovakia and Poland). Over one fifth of the biggest firms in Central Europe (109) state that they do have a form of non-financial disclosure reporting in place or they plan on reporting non-financial information for 2015. Data disclosed in impact reports and non-financial disclosures enable companies to make informed decisions concerning the management of their own impact, engage in a dialogue with their immediate environment and support social initiatives. This form of involvement lets companies get to know their stakeholders' expectations and needs so that they can be taken into account when making business decisions. This is how companies can maximise the benefits and minimise the negative effects of their business activity.

¹The Responsible Business Forum is the oldest (15 years) and biggest NGO in Poland focusing on corporate social responsibility. For more information please go to: www.responsiblebusiness.pl
²Deloitte Central Europe 2015 CE top 500. For more information please go to: www.deloitte.com/cetop500

In my opinion, the conclusions drawn from the CSR Mangers and CE Top 500 survey show how much Central Europe has achieved in recent years. It is very clear that businesses as well as state administration need to make well thought out and brave decisions to ensure even better results and create economic and social value in the long run.

Here I would like to thank all those who participated in the survey for the time and effort spent in contributing to the preparation of this exciting piece of thought leadership. I hope you find it a useful and insightful read.

*Irena Pichola, Partner, Leader of Sustainability
Consulting Central Europe, Deloitte*

Past, present and future of Polish CSR in brief

The survey CSR' managers conducted in spring/summer 2015 provides the big picture of responsible business in Poland - its past, present and future.

This year is very special for the Responsible Business Forum (RBF) - the oldest and the biggest non-governmental organization in Poland, a think-and-do tank focused on the concept of corporate social responsibility, the platform of mutual collaboration for companies eager to act responsibly. This 15th anniversary of RBF is celebrated within the framework of 15 years of partnership for CSR in Poland. During these years RBF has been collaborating with over one hundred Polish companies, which resulted in publishing many analyses, case studies, surveys, reports, and projects. The key element for all these efforts were – as always – people. That is why we decided, together with PBS (a market and research company) and Deloitte as a Partner, to conduct the survey aiming to diagnose what is the state of responsible business in Poland among CSR managers.

It is the third survey of its kind. Two previous ones – held in 2003 and 2010 - were mostly focused on understanding the CSR term among managers. There were only few CSR managers in Poland at this time and the concept was not popular yet. The purpose of this year's survey was different - to find out how they perceive the responsible business achievements and obstacles, and how they predict its future. That is why it is almost impossible to compare the key findings of these surveys.

Nevertheless, there are few comparisons that can be made. What is surprising – is the number of CSR managers, almost 300 in Poland alone. Out of the 300 CSR managers we identified, we were able to survey 133 of them, which is quite a huge number. The overall situation of responsible business in Poland in the last fifteen years has been clearly portrayed by Mirella Panek-Owsiańska – RBF President of the Board - For 15 years we have been observing in Poland the development of idea of corporate business responsibility. It can be manifested through the interest of that theme out of idle curiosity but also in building the business strategies

based on well-balanced development, which we increasingly could observe in Polish companies. Those effects have been caused by the engagement and cooperation between a lot of people, companies and institutions.

What we find in the other survey conducted in 2014 is that almost 100% of Polish big and medium-sized companies believe business should be responsible and answer for social and environmental challenges. This year's research revealed that the majority of respondents (65%) claim that CSR has a positive impact on tackling the social problems, which includes 11% who strongly agree with this statement. Polish CSR managers witnessed positive change within business itself (81%). The most significant changes found regard conducting business (no more business than usual - 61%), tackling environmental problems (30%) and solving social challenges (29%). An important result we found to be very meaningful was that 53% respondents indicated personal engagement as one of the most important factors for CSR promotion in Poland. With such a strong support from individuals, no wonder that Polish CSR managers strongly believe in the future of CSR. They claim that business models are likely to change in the coming years (80%), and to a great extent, the change will be the result of pressure from customers (79%). The managers are reliable in that field, which is proven by the fact that 73% of them measure the effectiveness of their CSR initiatives. They are also very realistic when it comes to the main obstacles. The "weakest link" seems to be leaders/top managers – indicated by 46% (who lack proper understanding of the idea) and more than ¼ of them claim lack of incentives from the state administration.

Nevertheless, overall picture of Polish CSR is very optimistic. There are many people that change business, who believe that business changes world in Poland.

Marzena Strzelczak, General Director at Responsible Business Forum



Key findings

According to CSR Managers from 10 Central European countries:

- business has had a positive effect on finding solutions to social problems within their countries in recent years, especially in solving environmental problems, supporting education and counteracting unemployment
- social and economic development in their countries could be achieved through the impact of business on growth of competitiveness in the economy, the positive impact of enterprises on employment rates, aligning work availability with actual needs, and business impact on the knowledge-based economy and intellectual capital growth
- business models are likely to change in the coming years, and to a great extent, the change will be the result of pressure from customers who are increasingly expecting to see socially responsible products and service on the market
- CSR will flourish in their countries in the future with a continued growth in the number of socially responsible businesses and more and companies including social and environmental in their business models
- the wrong perception of CSR as a form of sponsoring, a lack of incentives from the state administration and businesses' reluctance to invest in CSR initiatives are the biggest obstacles to CSR development in the future
- CSR has benefitted their companies internally by increasing employees' involvement and raising their ethical awareness and externally by improving the company's reputation and recognition of the brand as socially responsible
- the most effective CSR methods and tools consist of corporate volunteering, ethical programmes for employees, and dialogue with stakeholders



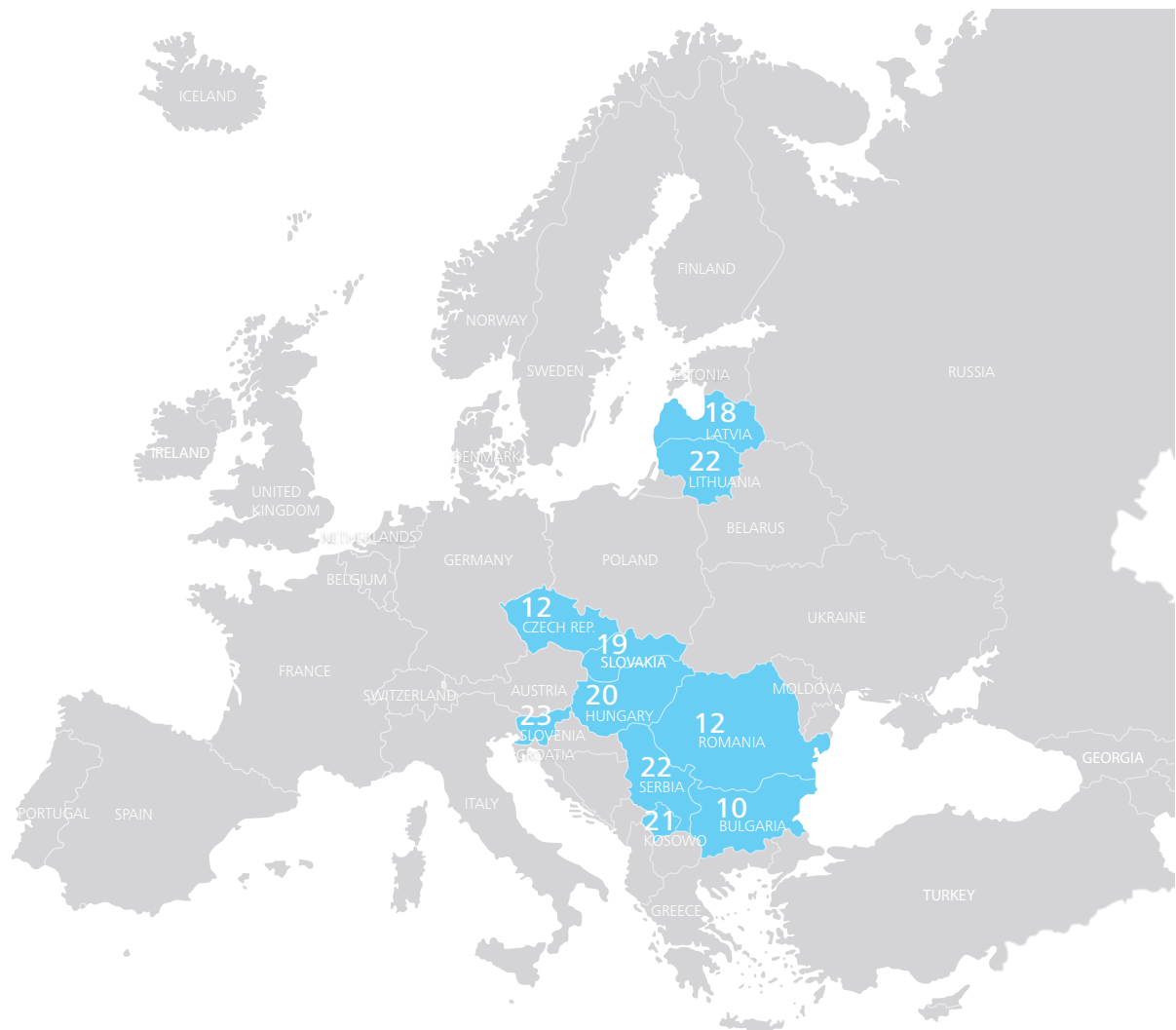
About the CSR Managers Survey in Central Europe

The CSR Managers Survey in Central Europe is a first ever analysis of the CSR state of affairs and best practices reflecting opinions of 179 CSR practitioners from the Central European region. The findings are based on a survey undertaken from July to September 2015 in 10 countries in the region - Bulgaria, Czech Republic, Hungary, Kosovo, Latvia, Lithuania, Romania, Serbia, Slovakia and Slovenia. The survey evaluates the condition of CSR in chosen Central European countries, analyzes the opportunities and barriers associated with

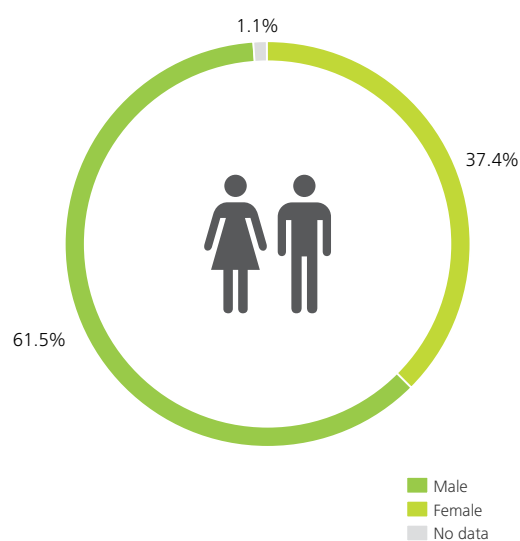
the implementation of sustainability practices and predicts the perspectives for CSR development in the coming years.

The quotes of the CEOs and managers of leading Central European countries cited in this report were gathered for the purpose of the 2015 edition of the Deloitte CE Top 500 report, which ranks the largest companies from the 18 countries from Central Europe and Ukraine.

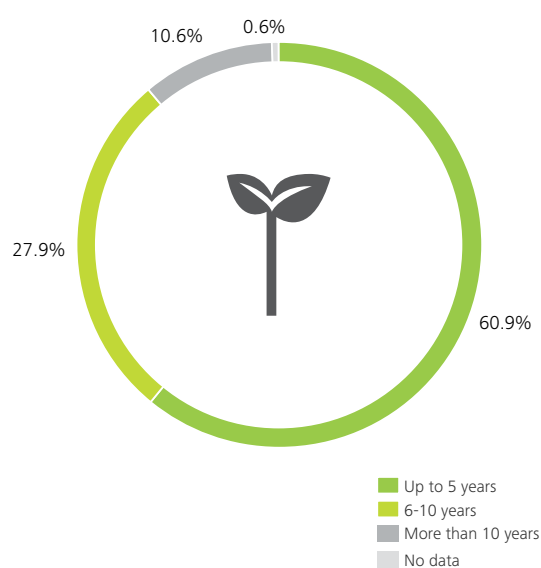
Map of participating countries featuring the number of completed surveys



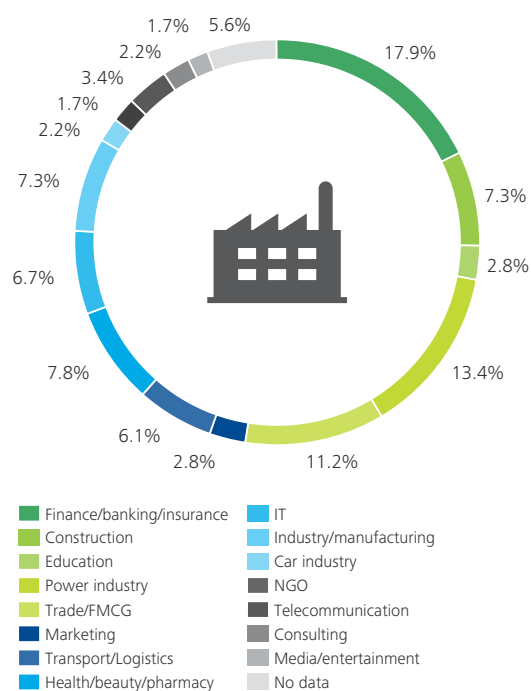
GENDER



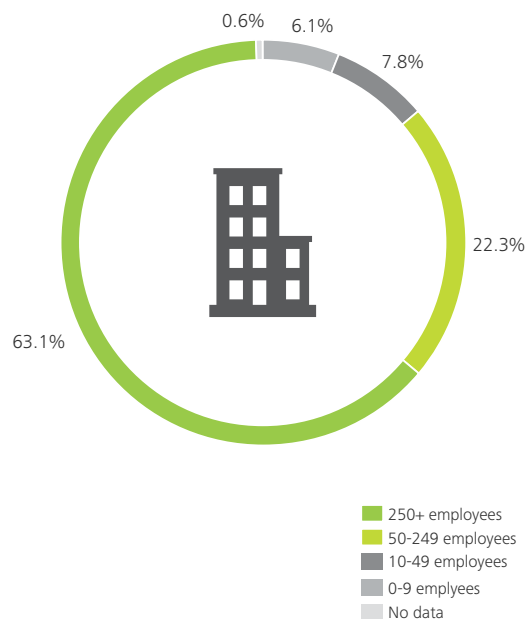
INVOLVEMENT IN CSR/SUSTAINABILITY



TYPE OF INDUSTRY



COMPANY SIZE



CSR in Central Europe from the perspective of the past 15 years

Business and social progress

The overwhelming majority of CSR Managers express a view that business has contributed to solving social problems in their country in recent years (84%). This opinion was mostly expressed by practitioners from Slovenia (96%), Romania (92%) and Lithuania (91%)

CSR managers mainly emphasize the role of business in solving environmental protection problems, as well as supporting education (through subsidizing) and counteracting unemployment (through job creation). According to the majority, these are the most serious problems that business should get involved in looking forward. On the other hand, CSR managers expect stronger commitment to combating corruption.

In our opinion, responsible business behaviour is crucial for building trust in the market economy and its different business sectors. Remi Vrignaud, CEO, Allianz - Tiriac Asigurari SA, Romania

We actively promote the sustainable transformation of society through our business programmes and products. Our ambitious goals in this area are for the long term. We aim to optimise Petrol's sustainable footprint and at the same time help our partners to lower their consumption of energy, carbon, water and materials. Tomaž Berločnik, CEO, Petrol Group, Slovenia

We believe that a long-term and strategic effort is the best way to focus on sustainability issues. For this reason, we will continue to focus on technical and natural sciences education, social issues and supporting the non-profit sector. Environmental issues will continue to be important to us, as we will continue to work on reducing our environmental footprint. Eduard Pališek, CEO, Siemens Group, Czech Republic

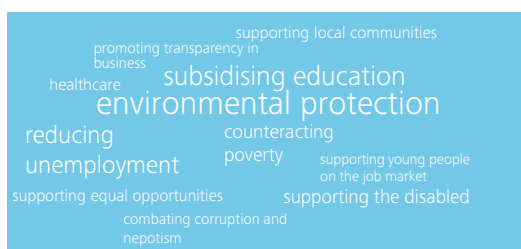
Do you agree that business has contributed to solving social problems in your country in recent years?



Sample size: All respondents, N=179

TOP 2 BOXES – 84%

What social problems has business contributed to solving in recent years? (most popular answers)



Which current social problems in your country should business be helping to solve? (most popular answers)

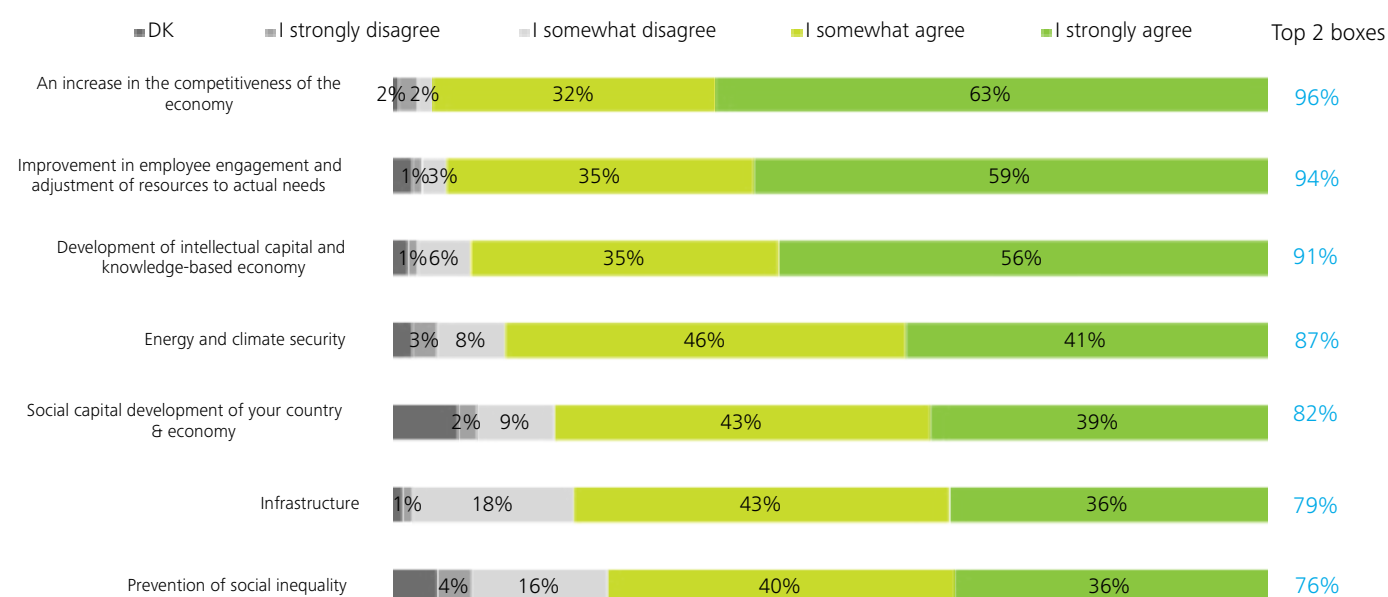


Central European CSR managers see the best chances of social and economic development of their countries in the impact of business on the growth in the competitiveness of the economy, the positive impact of enterprises on employment rates and aligning work availability with actual needs and their impact on the knowledge-based economy and intellectual capital growth. Managers put the least of their hopes in the effect business has on combatting social inequality.

We are very proud of our partnerships with educational institutions that aim to create models for excellence in education, soft and hard skills for employment, frameworks of research, innovation and entrepreneurship. This essentially creates ecosystems for the knowledge-based economy and enhanced competitiveness, enabling the company to identify future models for producing economic value. Ionut Stanimir, Executive Director Communication Department, Banca Comerciala Romana, Romania

We have also been working for many years to establish positive relations with our local communities, to build social capital and promote responsible conduct among our trading partners. A no less important aspect of our responsibility to society is that we have to our employees, who are our most valuable asset. We want our company to be a friendly and safe place to work, but also wish to fully utilise the potential and diversity of our workforce. Jacek Krawiec, CEO, PKN Orlen, Poland

Do you agree that business can have an influence on social and economic advancement of your country & economy in the following areas?



Sample size: All respondents, N=179

CSR in Central Europe – predictions for the next 15 years

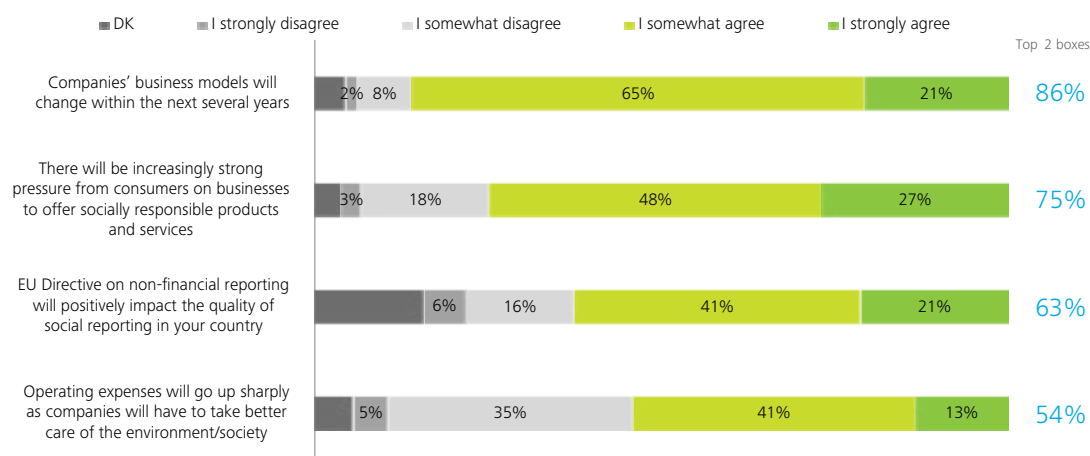
The vast majority of managers claim that business models are likely to change in the coming years (86%), and to a great extent, the change will be the result of pressure from customers who are increasingly expecting to see socially responsible products and service on the market (75%). Two-thirds of the CSR managers believe that the EU Directive on non-financial reporting will positively impact the quality of social reporting in their country.

“The best incentive for developing a sustainable business model is a predictable business environment and regulatory framework – that is because our business model is oriented towards the long term value, to be created on a reliable and stable base. We implement policies which are transparent, medium to long term oriented, we grow together with the communities that we serve. Alexandra Borislavschi, Executive Manager of Strategy and Corporate Governance, Electrica SA, Romania

“I believe that the obstacles to sustainable development are decreasing in number. The most important ones concern changes in the awareness of society. Here in Europe, industrialisation overwhelmed us at first; it took us time to realise the influence that industry was having on the environment and communities. After a certain level of economic development is attained, the focus may shift to sustainability. The process of social democratisation and the onset of the internet and social media that make it possible for everyone to express their opinions also play a role in promoting sustainable business models. Herbert Wirth, CEO & President, KGHM Polska Miedź S.A., Poland

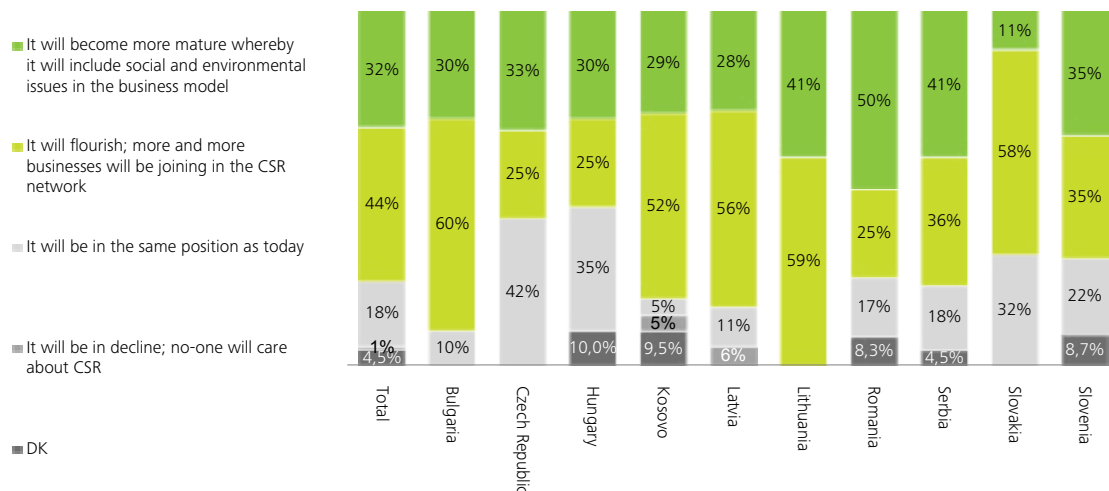
Most of the managers polled are optimistic about the future of CSR (76%) – almost half of them believe that CSR will flourish and there will be a continued growth in the number of socially responsible businesses (44%). One third of respondents, claim that CSR will reach maturity as social and environmental issues become a part of business models (32%). However, CSR experts from Czech Republic, Hungary and Slovakia are more gloomy in this respect – one third or more of the respondents from these countries foresee stagnation in CSR.

To what extent do you agree with the following statements:



Sample size: All respondents, N=179

What do you think the position of corporate social responsibility will be in the coming years?



Sample size: All respondents, N=179 and respondents from individual countries

However, the CSR development in the future may be hindered by the wrong perception of CSR as a form of sponsoring, a lack of incentives from the state administration and businesses' reluctance to invest in CSR initiatives. Managers from Hungary, Slovakia and Serbia are the ones that have most indicated the government's indifference to CSR. The reluctance of companies to invest in CSR is mostly felt by respondents from the Czech Republic, Hungary and Slovakia. The Czech managers not only pointed to this reluctance, but also saw the conviction that CSR "doesn't pay" as one of the main obstacle to development of sustainability in their country.

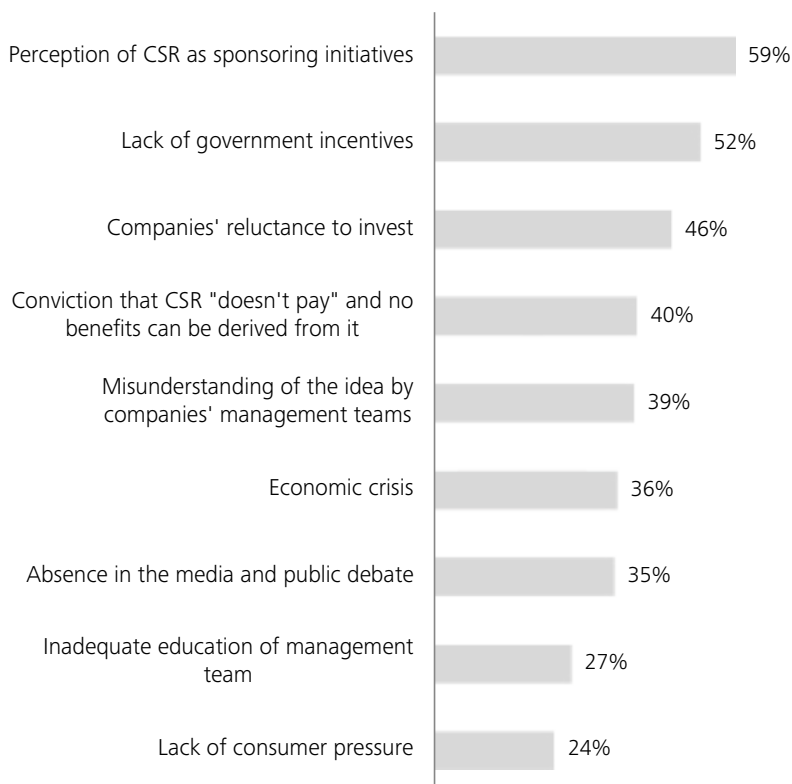
There is a Serbian saying that goes: 'If you have a goal, you will find a way to get it'. In a responsible business, the focus must be on goals and priorities. When you have clearly defined company policies, and when you know what the priorities are in your business, you will find an effective way to navigate potential obstacles. In general, I believe that further thought about the tax regulations on corporate donations, as well as the simplification of administrative procedures when delivering important projects, certainly could reduce the energy, time and assets that we expend while increasing the potential for social engagement. Milena Pavicic Vitosevic, CFO, Tarkett d.o.o., Serbia

We would like a more predictable political and legislative framework, on both a European and a national level, for South-Eastern Europe. Strategic policies covering energy, ecology, infrastructure and other areas that are crucial to our activities change too often, meaning we find it hard to make those bold investment decisions that are also important sustainability considerations. For the further development of sustainable services and products, a greater ecological awareness on the part of consumers would be very welcome, since an advanced and sustainable market requires ecological demand as well as ecological supply. Tomaž Berložnik, CEO, Petrol Group, Slovenia

“The main challenge is related to making people understand that sustainability is about business performance. It takes time to implement a sustainability strategy, and results do not appear overnight. But in essence, the objective of a sustainability strategy is to ensure the company will still be operating successfully in hundreds of years. This is a purpose worth fighting for. A company will be prosperous in the long term only when communities and society in general can glean benefits from its existence. The internal challenge is therefore about fighting the short-term profit mentality and making it all about long-term thinking.
Mona Nicolici, Sustainability Manager OMV Petrom SA, Romania

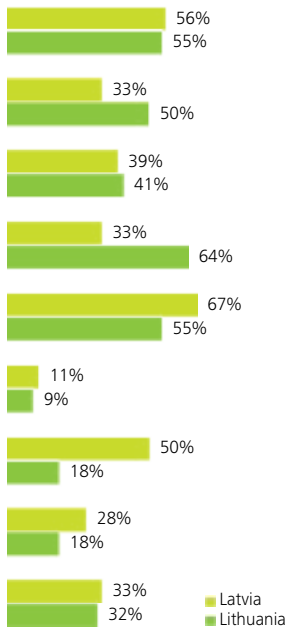
”As with almost all issues, the most significant obstacle is usually the company itself. This happens when it underrates the issue of sustainability and does not see its significance for long-term strategic development – when it does not treat sustainability as an opportunity for development and transforming business models, and instead sees it as a costly, redundant issue. In actuality, it is frequently the responsible and sustainable approach to business activities that results in the long-term success of the most-admired companies.
Eduard Pališek, CEO, Siemens Group Czech Republic

What do you think will be the main problems or obstacles to CSR implementation in your country in the next 15 years?

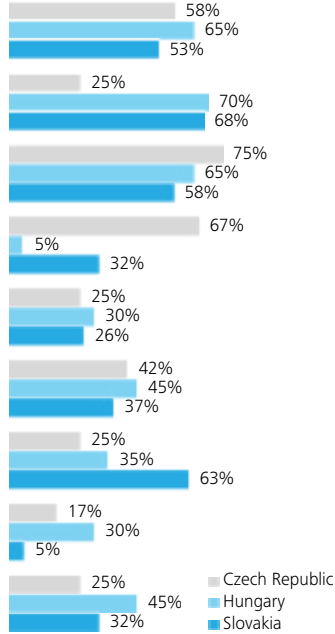


Sample size: All respondents, N=179 and respondents from individual countries

BALTIC STATES

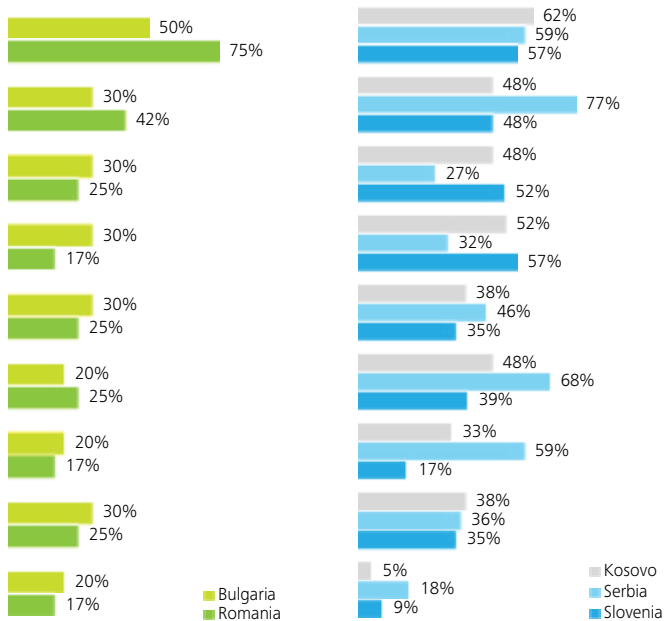


VISEGRAD GROUP STATES



Sample size: All respondents, N=179 and respondents from individual countries

SOUTHEAST EUROPE



Sample size: All respondents, N=179 and respondents from individual countries

CSR practices in Central Europe

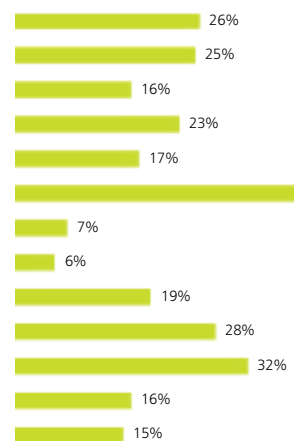
In the opinion of the CSR managers polled, the most useful in CSR implementation are tools and methods enabling employee involvement such as corporate volunteering (36%), ethical programmes for employees (29%) or dialogue with stakeholders (35%). Respondents also named social campaigns (29%) and pro-ecological programmes (29%) as useful initiatives. Managers pointed to socially responsible investing (40%) and inter-sectorial cooperation (32%) as tools that are underused and worth popularising.

lives. We follow the motto that diversity is to be supported but never dictated. That is why in the end we always rely on the personal openness and understanding of our managers. Michaela Chaloupková, Board Member of ČEZ, a. s. and Head of the Administration Division and CSR leader, the ČEZ Group, Czech Republic

Which of the methods, tools and management techniques listed below do you consider the most useful in the work of a person involved in CSR/ sustainability implementation?



Which of the aforesaid are under used in your country and deserve to be popularised?



Sample size: All respondents, N=179

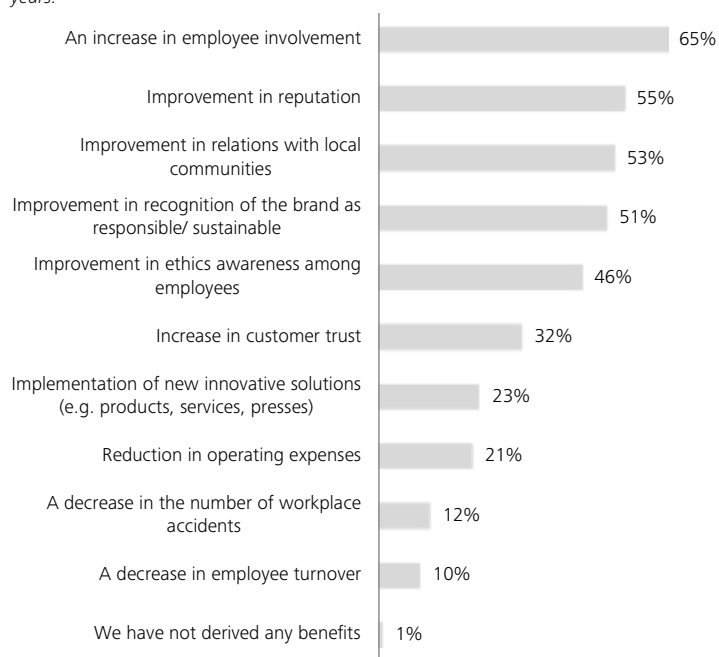
“The most successful companies will be those that truly listen to the sustainability expectations of their customers and their communities, and manage to turn them into successful products and services. Businesses and communities do, however, still need to grow and mature together on these topics. Eric Stab, President & CEO, GDF Suez Energy Romania S.A., Romania

“My long-term goal is as much as possible to support diversity and so help develop flexibility throughout the ČEZ Group at all leadership levels. With sensibly selected working roles, we can make provisions for greater flexibility in working hours – we’re launching development programmes to help women transfer from maternity or parental leave back into fulltime work, creating conditions for a company environment that recognises the differing needs of employees according to their particular situation in their private or working

“We seek to inspire and encourage all our employees to participate actively in CSR activities and projects, from those building electricity lines in the most remote parts of Lithuania up to highly skilled professionals setting up new technologies and reviewing corporate business processes. This is one of our core strategic goals. Integrating social projects into the company’s internal corporate culture is key to the delivery of results in this area, when people both understand the essence of CSR and are keen on participating in CSR activities. An educational function is therefore very important. Aidas Ignatavičius, General Director, Lithuania

Sustainability and CSR activities bring internal and external benefits to companies. According to the respondents, internally they ensure a stronger employee involvement (65%) and a better ethical awareness (46%). Externally, they improve the companies' reputation (65%) and recognition of the brand as socially responsible (51%).

What benefits has your company derived from CSR action implementation over the past two years?

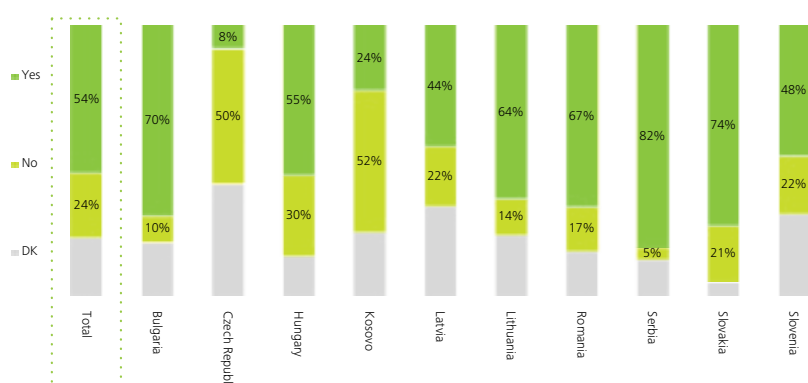


Sample size: All respondents, N=179 and respondents from individual countries

Over half of the respondents claim that their companies measure the results of the CSR initiatives (54%). Managers from Serbia, Slovakia and Bulgaria monitor the resulted of their CSR actions more often than the rest do. Whereas the managers from the Czech Republic

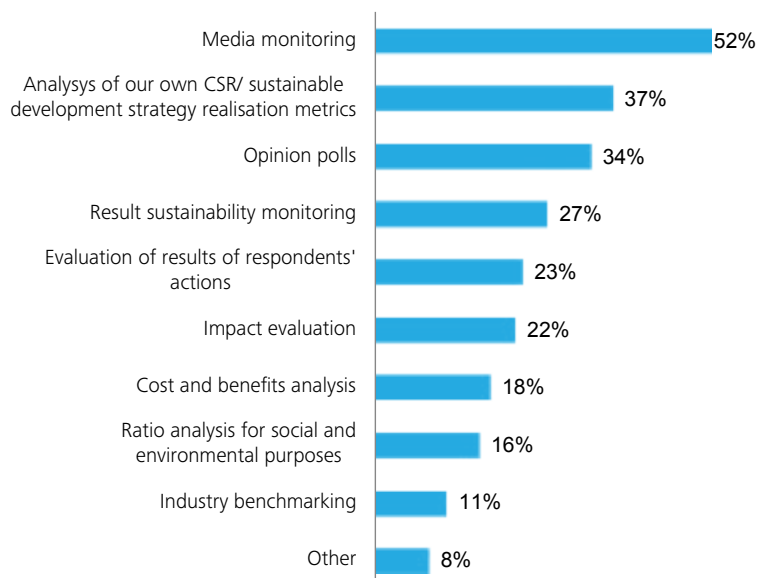
seem to be the least interested in their results. Media monitoring is the most popular method of evaluation (52%). To a lesser extent managers from Central Europe use their own CSR metrics (37%) or opinion polls (34%).

Do you measure the results of your CSR initiatives?



Sample size: All respondents, N=179 and respondents from individual countries

How do you measure the effects of CSR actions?



Sample size: All respondents, N=179



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