



NATIONAL
ACTION PLAN
FOR
CORPORATE
SOCIAL RESPONSIBILITY

2013-2015

PLANNING BUREAU – REPUBLIC OF CYPRUS

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EXECUTIVE SUMMARY

Introduction: The Government has decided to proceed with the development of the National Action Plan (NAP) to promote, in a coordinated manner, the concept of Corporate Social Responsibility (CSR) in Cyprus, to encourage responsible entrepreneurship and to motivate companies to take into account the impact of their activities on society. The main objective is to increase the number of Cypriot enterprises engaged in CSR and raise awareness that CSR does not concern only large enterprises – the goal is to make obvious that even the smallest companies can take actions that promote responsible entrepreneurship, limiting the negative impact on society, achieving a balance between profitability and sustainable growth.

The current economic crisis has significantly affected all organizations and businesses, putting all issues under a different angle and to overcome it, many things that were taken as granted will have to be revised. At the same time though, it is obvious that investors, worldwide, focus in companies that have less risk and better growth prospects, such as those that accept CSR and embrace sustainable development. International surveys record significant shifts of investors in companies implementing CSR. Specifically, the survey of the European Sustainable Investment Forum (Eurosif) revealed an 85% increase in capital invested in socially responsible companies in Europe, and as a result it now exceeds the €5 trillion.

Concept of Corporate Social Responsibility: The European Commission in its new Communication (25.10.2011 COM (2011) 681 final) for CSR has adopted a new definition of CSR which puts more demands on businesses: as "responsibility for their impact on society". A prerequisite for the fulfillment of this responsibility is to respect the existing legislation and collective agreements between the social partners. To fully respond to corporate social responsibility, companies should establish procedures for integrating social, environmental and ethical aspects and aspects of human rights and consumer rights, both in their business activities and in their basic strategy in close cooperation with stakeholders aiming to:

- The creation, to the maximum possible degree, of common values for their owners/shareholders and other stakeholders and society as a whole.
- The detection, prevention and mitigation of potential adverse impacts.

Procedure of preparing the Action Plan: During the process of drafting the National Action Plan of CSR, the active involvement and contribution of all involved governmental bodies, Cyprus businesses, semi-governmental organizations, business entities and Non-Governmental Organizations (NGOs) was pursued to ensure that is both accepted and supported.

In the first phase a primary survey of two directions was implemented: one in the private sector (100 interviews were conducted to representatives of the business community) and one in the public sector (30 in-depth personal interviews to senior executives in public organizations were conducted). International practices and experiences from similar initiatives in other countries, the EU's agenda for CSR, the guidelines of other international organizations and the United Nations on Human Rights (John Ruggie's Report) were taken into consideration in designing the survey. The objectives of this survey process were:

- To determine the degree of knowledge and understanding of CSR
- To record the current situation regarding actions promoted, the main issues and priorities of key players in the public and private sectors in relation to CSR
- To examine the reasons why participants do not implement CSR practices
- To identify the priority areas for action, in the key areas of CSR, to be included in the NAP-CSR for creating the conditions of responsible competitiveness of Cypriot enterprises.

Furthermore, a secondary survey was implemented and involved the study of scientific material (international standards, surveys and studies on CSR of previous years) while the organization of a discussion workshop with the participation of representatives of all stakeholders and the

presentation of the final draft in an open meeting functioned supportively to the final drafting of the NAP-CSR.

Outlining of the current situation: The current situation of CSR in Cyprus was outlined in a SWOT analysis, after the elaboration of the survey's results. The Action Plan contributes through guidance and proposed measures to both the mitigation of barriers and the improvement of the conditions for the development of CSR. The key elements that outline the current situation of CSR in Cyprus are stated below briefly:

- The recognition of the importance of CSR but failure in integrating it in business decisions
- The reduced involvement of Cypriot enterprises, mainly due to the lack of knowledge and confusion about the concept of CSR
- The absence of an overall strategic direction for CSR affecting issues of systematic involvement, management issues, the implementation of international standards and communication.
- The current mentality of detachment of SMEs towards CSR
- The limited implementation of accountability and reporting practices on CSR issues
- The role of the public sector in the development of CSR defined as partially supportive whilst it could have developed more of an institutional and participatory character.

Priority Axes: Given the conditions of the economic crisis and the growing confidence of investors in companies that have as their goal the sustainable development, the NAP-CSR aims to provide a mechanism for directing the cooperation and the combined involvement of the public and private sector in promoting CSR in Cyprus, so that all involved parties gain access to the short and long term benefits from its implementation. Thus it is developed in three main axes through which it sets the goals and strategic priorities, specifying the measures and actions that can be taken from each side, defining their respective roles.

The specific priority axes, with the corresponding measures, were formed in juxtaposition to the significant weaknesses in the development and implementation of CSR, during the recording of the current situation, with a view to developing the concept of CSR and are the following:

- ⇒ **1st Axis: Information and education on CSR and dissemination of good practices.** The further information and training of businesses, especially SMEs, in the modern conception of CSR. The dissemination of good practices for all axes of CSR through initiatives such as the organization of specialized conferences and forum.
- ⇒ **2nd Axis: Establishment of incentives for the implementation of CSR.** The creation of incentives for SMEs in order to make their involvement with CSR more attractive such as the establishment of awards, granting of incentives as well as the strict application of legislation.
- ⇒ **3rd Axis: Promoting Accountability/Reporting of CSR.** Encourage enterprises to issue Sustainability Reports or periodic reports on their activities regarding CSR issues.

The range of implementation/scope of CSR focuses on four main directions: Entrepreneurial Activity, Working Practices, Environmental Protection and Strengthening of Society and Reducing Corruption.

Implementation of the Plan through partnerships: For the better implementation of the provisions of the NAP-CSR, the Planning Bureau will work closely with all relevant services and organizations of both the public and private sectors. At the same time it will seek to create new partnerships that will contribute decisively to the implementation of responsible actions and practices.

Establishment of a National Mechanism: The commitment of all stakeholders as well as social groups in implementing and maintaining the dialogue on the development of the concept of CSR in Cyprus is considered extremely valuable. For this reason a National Mechanism will be set up that will be composed of the basic involved social partners to ensure the participation and involvement of forces for the best possible result. The Action Plan will be implemented during the period 2012 -2015.

Ten Actions of Immediate Implementation: To maintain the momentum created by the process of preparing the National Action Plan, ten measures with immediate effect and no significant cost, which will contribute to the promotion of CSR, have been identified. Some of

these measures include informational material, seminars, encouragement of semi-governmental organizations to prepare social reports, award and dissemination of best practices.

1. INTRODUCTION

Through the preparation of the National Action Plan for CSR the Cypriot government seeks to create a favorable environment for businesses to develop, in a systematic and coordinated way, practices of corporate responsibility. Using the NAP-CSR the Cyprus government aims to organize and develop a relationship of cooperation and interaction between the public sector, the business and the civil society that will encourage joint solutions to address the basic economic, social and environmental challenges.

The main objective of the NAP-CSR is: The promotion and integration of CSR to the business strategy and daily operation of Cypriot Organisations in order to play an effective role in the implementation of the "Europe 2020" strategy through, on the one hand, the dialogue with their stakeholders, and on the other hand the provision of annual social and environmental information in ways that ensure the process of documentation and transparency.

The "Europe 2020" strategy sets out a vision for a social market economy in Europe over the next decade, based on three priority areas: a) the development, with the foundation of the economy on knowledge and innovation, b) the sustainable development, promoting a competitive low carbon economy, which will take advantage of its resources and c) inclusive growth, which promotes a high-employment economy delivering social and territorial cohesion.

The financial crisis highlighted the financial and development problems of the European countries. The new facts (the cause that the crisis moved to the level of strategic orientation) threaten both the institutional and the political formation of Europe. Additionally, the financial crisis has significant negative effects on the evolution of markets and the private sector. Therefore, to restore trust it is imperative to create a grid of universal values and ethical frameworks. Under this approach, the Cypriot organizations¹ will face new challenges and those interested in the long-term effectiveness and not on short-term outcomes are now able to build an image that will be based on new and innovative ways to maximize the welfare of all their stakeholders through the implementation of effective programs for the community and the environment.

The development of the NAP-CSR in Cyprus was undertaken by the Planning Bureau in order to promote in a coordinated manner, the actions of social and environmental character, both by the government and the organizations of the private sector². With the NAP-CSR the Planning Bureau, in cooperation with the relevant services, seeks to open meaningful dialogue around the issue and give the business world a suitable framework to systematically develop corporate responsibility practices. Overall, the NAP-CSR constitutes the contribution of the Government of Cyprus to the development of CSR to address the challenges the country is facing in these difficult economic times as well as the modern needs and requirements.

In Cyprus, the current situation provides a unique opportunity to give real content to the concept of "Corporate Social Responsibility" far beyond individual initiatives-often of communicative character- that simply aim to foster the "social profile" of organizations. CSR needs to stop being an elitist perception arising from charitable mood. It should become an organic part of modern entrepreneurship. Consequently, it must be seen as a key strategic tool of Cypriot Organisations.

For the successful implementation of CSR in Cyprus, three key elements are required: a) the commitment of organizations that want to incorporate the concept into their business strategy, b) the dynamic intervention of civil society that requires and rewards responsible practices and c) active public interventions that form social objectives for creating a positive environment for

¹ Organisations: public organisations, SMEs and big enterprises

² Private sector organisations: SMEs and big enterprises

the development of CSR. All social groups are expected to undertake their responsibilities so that it will be possible to address the challenges to the mutual benefit of economic, social and environmental objectives.

1.1 Definition of CSR

The European Commission in its new Communication (25.10.2011 COM (2011) 681 final) for CSR, has adopted a new definition of CSR which puts more demands on businesses.

The Commission promotes a new definition of CSR as "responsibility of the enterprises for their impact on society". A prerequisite for the fulfillment of this responsibility is to respect the existing legislation and collective agreements between the social partners. To fully respond to their corporate social responsibility, companies should establish procedures for integrating social, environmental and ethical aspects and aspects of human rights and consumers rights, both in their business activities and in their basic strategy in close collaboration with stakeholders, to create, to the maximum possible degree, common values for their owners / shareholders and other stakeholders and the society as a whole and to identify, prevent and reduce the potential adverse consequences.

1.2 Process of preparing the NAP-CSR

The aim of the Cyprus government in the process of drafting the NAP-CSR was the active involvement and contribution of the Cypriot organizations and semi-governmental organizations, business entities and NGOs for its preparation in order to ensure that is both accepted and supported.

To this direction, and for the best possible implementation of the project, two surveys were conducted in March - April 2012. In the context of the research process, two questionnaires / guides, were formed, one for the private and one for the public sector. In preparing the questionnaires, international practices and experiences from similar initiatives in other countries, the EU's agenda for CSR, and the guidelines of other international organizations (such as UN Global Compact Initiative, GRI, ISO 26000) as well as the priorities of the Strategic Development Plan of Cyprus where these correspond to the issues of CSR, were taken into account.

In the private sector, 100 interviews were conducted (50 personal and 50 through telephone) to representatives of the business community, fully covering all sectors of the Cyprus economy, while in the public sector 30 in-depth personal interviews to senior executives of public organizations were carried out. The surveys were carried aiming to:

- a) the description of the factors (e.g. perception, acceptance, significance) that form the existing development environment of CSR in Cyprus
- b) the recording of the current situation regarding the implementation and promotion of CSR practices by Cyprus businesses and the existing public practices
- c) the recording of the factors hindering the development of CSR and the difficulty of undertaking relevant initiatives by either the private or public sector, and
- d) the recording of key issues and priorities for CSR that will contribute to the responsible operation of Cypriot organizations, as well as the public interventions for the further development of the concept.

In June 2012 a discussion workshop was organized with the participation of representatives of all stakeholders. During the workshop the results of the surveys were presented as well as the direction for developing the NAP-CSR. There were suggestions for specific measures and the priorities which contributed to the formation of the Plan were ranked. Additionally, following the completion of the final draft, a consultation workshop was organized with the participation of all involved services, organizations, social partners and stakeholders for its finalization.

Basic observations on the implementation of the surveys

During the implementation of the field survey, both in the survey of the business (private sector), and in the interviews conducted in the public and semi-public sector, the greatest difficulty that arose was the identification of the person responsible to answer the questionnaire. In the case of the private sector, the effect was more pronounced since most respondents reported: *"There is no person in the business responsible for Corporate Social Responsibility"*.

Furthermore, the issue of CSR has been addressed previously, at research level, by both individuals and businesses or public organizations / institutions in Cyprus. The results of these previous surveys / studies are not directly comparable with the present study for the following reasons:

- Sampling (Great heterogeneity in the sample)
- Different ways of formulating the questions that identify different meanings and thus different responses
- Different options of answers to closed type questions

Of course, one could say that the most important factor for the non-matching of the surveys is the time they were carried out, since the most recent was carried out in 2007. Given that CSR was implemented and promoted more intense in recent years, the participants in the surveys inevitably gave different answers. However, in this study, comparative references to the surveys: "The Corporate Responsibility in Cyprus Corporate Culture" and «Corporate social responsibility: the way forward? Maybe not!» are made wherever possible.

2. CSR IN CYPRUS – SURVEY FINDINGS

2.1 Current situation

Aiming the maximum possible documentation and understanding of the content of the NAP-CSR, this section describes both the basic factors that determine the environment in which, CSR in Cyprus is developed and the existing measures and practices adopted in this field, by the private and public sectors.

2.1.1 Recording and analysis of the results of the private sector

2.1.1.1 Understanding and perception of the concept of CSR

- The majority of Cypriot enterprises (85%) recognize the importance of the issues addressed by CSR mainly because they believe that through CSR they may have better information and contact with their stakeholders, gain better internal functioning, but also can contribute more to the social benefit. On the other hand, businesses that give small degree of importance to the issues of CSR are mainly companies of limited size who believe that the nature of their activity is not, at least directly, related to the issues of CSR.
- The overall attitude of the Cypriot enterprises is presented torn in terms of knowledge and understanding of the concept of CSR since 51% of them appear to know or understand this concept quite well while the remaining 49% states that they know or understand it to a lesser extent. Compared to the survey of the Cyprus Employers and Industrialists Federation (OEB), carried out in 2007, there is a slight increase in the level of knowledge and understanding of the companies which, however, is disproportionate to the development of the importance of the issues addressed by CSR in the last 5 years.
- However, the way Cypriot companies perceive the concept of CSR, according to the definitions described, seems to be affected decisively by both the level of knowledge and understanding of the concept and the way of engagement of each business with these issues. It is worth mentioning the typically small percentage of Cyprus businesses that supported the 'original' definition of CSR, as defined by the EU. This attitude leads to an initial conclusion that the concept of CSR is not fully integrated into the culture of Cyprus businesses since the voluntary exposure and the dialogue with their stakeholders on these issues, an integral element of effective and efficient implementation of CSR, is implicitly "rejected". Instead, the way of doing business according to ethical rules, with the implementation of environmental management systems or quality and human resources management systems, as well as with the support of social and environmental programs, which are primarily responsible entrepreneurship practices, seems to be more familiar to businesses with respect to the CSR definition. Regarding the overall attitude towards the new definition of CSR, as given by the EU, it is worth noting that this is more a spontaneous matching of businesses for the common good and generally less a choice of becoming increasingly important and consciously applied, but also that focus should be given on the long-term viability of the enterprise (which implies that its actions should take into account not only the direct profit, but also ensure the society as a whole).
- Regarding the sources of information on the developments in the field of CSR, both the media (50%) and the internet (32%) are on the top of the Cypriot enterprises preferences regardless of demographic characteristics while the international conferences and seminars are reported as a supportive source of information. It should be noted that 10% of the companies state that they are not informed about CSR. Compared to the results of the survey "The Corporate Responsibility in Cyprus Corporate Culture" of 2007, it is worth noting the intense penetration of the internet but also the further enhancement of the media, at the expense of the other options.

- Cypriot enterprises appear to be divided on whether the development of CSR in recent years is due to some type of external coercion or a conscious choice of enterprises towards a more efficient way of responsible operation, a fact that highlights the large margins that exist for the integration of CSR to their culture. It is worth mentioning that the companies that became involved relatively recently (in the last 1 to 2 years) in the field of CSR consider to a great extent that the development of the concept is a conscious choice as opposed to companies that have more experience in CSR (from 3 to 5 years and more) and that to their majority support the option of external coercion.

2.1.1.2 Lack of systematic engagement in CSR

- In Cyprus, while there are companies that operate mainly in the areas of work practices and environmental protection, it seems that there are only a few that systematically manage their social responsibility.
- According to the companies' statements only 37% claims that Cypriot companies deal with CSR systematically, while the 80% of these were not able to name a company with this characteristic.
- In the same direction is the position of businesses regarding the supportive role of the public sector in Cyprus on the development and dissemination of CSR. Only 25% of the companies say that the public sector responds to this role while 81% of them were not able to give examples of public organizations that promote CSR systematically through their initiatives or even some public initiatives of Responsible Entrepreneurship.
- The fact that Cypriot companies lack the systematic involvement in CSR is reinforced by the fact that only 4.7 out of 10 business (much smaller than the corresponding figure of 70% found in the previous survey of 2007) state that they have adopted CSR practices and is supported by the following findings:
 - a) Regarding the management of CSR issues, almost half of the companies say they don't have a particular structure that serves this purpose and therefore the handling of these issues is done by an individual at his/her free time.
 - b) 50% of them say they do not have a formal procedure for recording the improvement in their performance on issues related to CSR activities.
 - c) The communication mechanisms of CSR actions used, to their internal and external environment, limit to the Internet, fax, phone and e-mail, a fact revealing that CSR actions (at the level of communication) are not differentiated, as it should, from the purely productive actions. For example, adoption of Sustainability Report, Code of Conduct/Ethics, internal communications initiatives, awards and conferences.
 - d) The pervasiveness of international standards relating to CSR, excluding the ISO9001 and ISO14001, appears to be quite limited in Cypriot companies, a finding also found in the 2007 survey. In conclusion, the progress in this area in recent years is minimal, and it seems like the trend will not change in the future since the intention of these companies to implement these standards is almost nonexistent, a situation caused either by ignorance or lack of strategy. It is obvious that the implementation of management standards that have been developed in accordance with the requirements of CSR, of international respected organizations, can be beneficial for the Cypriot enterprises while the collective bodies of the Cypriot society can and should contribute to the process of their wider dissemination.
 - e) 60% of the companies that say they implement CSR practices do not issue Social Report or Sustainability Reports mainly because, as they say, do not consider it necessary, while more than half do not appear to be willing to adopt this kind of disclosures in the future.
 - f) Although 60% of these companies say they have identified their stakeholders, almost half of them have no formal dialogue with them. Additionally, the pressure exercised by the stakeholders through the dialogue on matters of CSR, to companies that say they have a dialogue processes, is extremely limited and based on the above inversely proportional.
 - g) 80% of these companies say they have experience in engaging with CSR of more than 3-5 years, which is not consistent with the expected progress since they should have gone further in the systematic handling of CSR.

2.1.1.3 Evaluation of the performance of the public sector by business

Questioning the role of the public sector has been strong, since the positive assessment was supported by just 16% and the negative by 43% of businesses and approximately 39% declined to take a position in this question. This fact creates a particular concern given that several initiatives have been undertaken by the public sector towards responsible entrepreneurship such as the in-company training programs to enhance employment incentive plans for the promotion of RES, the introduction of Green Public Procurement, Government Grants for introducing environmental management system based on the European System of Management and Control-EMAS and CSR Award that have been introduced by the Ministry of Labour and Social Insurance in collaboration with OEB, that however do not seem to have the relevant response or penetration to the business world. Only 2 out of 10 businesses say they have been involved in a program or initiative or have received a grant to promote CSR practices.

2.1.1.4 Degree of significance of C.S.R.

- In an effort to determine the degree of significance of CSR in the daily operation of the Cypriot enterprises, only 2.1 out of 10 enterprises have stated that CSR is taken into account in most of their business decisions, while the rest do not consider CSR necessary when referring to corporate strategy and hence do not seem to incorporate it into their daily operation.
- In response to the question if businesses promote their corporate values and rules of conduct to their employees and other interested parties, a percentage of 87% answered positively. Additionally, out of these companies, 68% said that compliance of suppliers and partners with corporate values and standards of behavior are an obligation in terms of cooperation. This statement is reversed to some extent since when asked whether they have a document of corporate principles or Code of Ethics or CSR policy which clearly defines their values and responsible behavior, only 2.3 out of 10 companies responded positively (score lower by 50% than that of the survey of 2007) and approximately 75% of these companies answered vaguely without being able to name a particular document.
- **Conclusion:** It is clear, after combining the above findings, that CSR in Cyprus seems to be in the early stages of implementation (at the stage of assessment and selection), thus defining its standards at the minimum necessary.

SWOT ANALYSIS: The following analysis outlines the basic picture of CSR in Cyprus, which has constituted the point of reference for the formulation of the NAP-CSR and particularly the guidance and proposed measures that will help mitigate the barriers and improve the conditions for the development of CSR in the country.

<p><u>ADVANTAGES</u></p> <ul style="list-style-type: none"> • The familiarity of Cypriot Organizations to responsible social and environmental actions. • The High degree of familiarity of the public organizations with the concept of CSR. • The high degree of involvement of public organizations in CSR 	<p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • The lack of incentives for motivating private sector organizations in CSR • The lack of a strategic framework of private sector organizations and thus the difficulty of integrating CSR into business decisions. • The lack of basic structures for managing CSR • The significant absence from the organizations of the code of ethics or code of conduct or CSR policy • The lack of dialogue with stakeholders on CSR • The limited penetration of accountability and reporting practices on CSR issues • The limited implementation of international CSR standards by organizations. • The absence of expectations by the Cypriot society on CSR issues and sustainable development. • The lack of communication mechanisms of CSR actions
<p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • The recognition of the importance of CSR from the private and the public sector at ideological and value level. • The apparent positive influence of the work of organizations in the context of CSR on consumer behavior of citizens. • The acceptance of the specialized role of voluntary organizations as key partners of organizations for the implementation of their social or environmental work. • The establishment of incentives while promoting initiatives that will contribute to the proper information and training of Cypriot enterprises in the modern conception of CSR • The inclusion of responsible entrepreneurship in the educational process to create conditions for the development of the relevant culture for future managers of organizations. • The axes of reducing corruption and protection of human rights can be key action areas for Cypriot Organizations in the context of CSR 	<p><u>THREATS</u></p> <ul style="list-style-type: none"> • The detachment attitude of Small and Medium Organizations towards CSR (high cost and concerns only large organizations). • The economic crisis and the financial situation of organizations. • The lack of awareness / education and therefore ignorance about CSR • The lack of "pressure" from the stakeholder groups towards Cyprus Organizations for the improvement of their responsible operation. • The lack of awareness and inaction of citizens and consumers. • The absence of enterprises' intention to implement international CSR standards • The reluctance of organizations that implement CSR practices to the possibility to issue Social Report. • The lack of effective promotion of CSR from trade unions and employers' organizations. • The ignorance of the relationship between social requirements and areas of action of the work of Cypriot Organizations in the context of CSR

2.2 Current CSR Practices of Cypriot enterprises

The Environmental protection, the concern for human resources and the fair market practices, are the main pillars on which Cypriot enterprises give emphasis in the context of CSR, while the pillars that have to do with strengthening local communities, protecting human rights, and enhancing transparency and fighting corruption are given the least emphasis. Compared to previous studies, and in particular to the study conducted in 2005 for CSR in Cyprus: «Corporate social responsibility: the way forward? Maybe not! », the increase of awareness of enterprises in environmental protection is clear, and compared to a corresponding study of OEB in 2007, the key differences are identified both in the emergence of the axis of fair market practices as one of the fundamentals of business activity in the context of CSR and in the corresponding decline of the axis of the support of local communities.

The current actions of the Cypriot enterprises are classified in the axes of CSR in order of priority as derived from the synthetic study of both primary and secondary research³.

In detail:

2.2.1 Current Practices in the Labour Practices Axis

The concern for human resources is the most popular activity area for the Cypriot enterprises of the private sector with existing key actions and initiatives aimed in priority order to:

- Improving working conditions
- communication and cooperation between employees and management
- education, training and professional development of employees
- balance between work and social life of workers
- employee benefits (annual increases, health care, welfare fund, additional maternity leave, extra annual leave, pension packages).

2.2.2 Current Practices in the Environmental Protection Axis

Concerning the axis of reducing the environmental impact of business operations, Cypriot enterprises undertake initiatives on:

- the responsible use of water
- the responsible use of energy
- the proper management of waste
- the recycling of materials
- the reduction of noise and
- the application of environmental responsibility criteria in cooperation with suppliers and partners.

Special reference should be given to the relatively modest degree of invasiveness, from the Cypriot enterprises, of the practice of reducing CO₂ emissions according to which 5,6 out of 10 enterprises adopt this practice (especially firms that declare that they adopt CSR initiatives and less the others).

2.2.3 Current Practices in the fair market practices axis

The axis of fair market practices also appears to be a sensitive axis for Cypriot enterprises which invest primarily on:

- providing quality and reliable products and services
- protecting consumer rights
- protecting the privacy of consumers
- adopting entrepreneurial investment for the safety and the health of consumers
- responsible marketing and promotion of products
- introducing a code of practice with regard to cooperation with suppliers / partners
- receiving complaints from customers or partners

2.2.4 Current Practices in the Society axis

The fourth activity axis for Cypriot enterprises concerns the support of local communities and of promoting social cohesion in general with the main initiatives focused on:

- eliminating poverty and social exclusion
- helping the elderly
- protecting the rights of people with disabilities and illnesses
- supporting sport
- supporting culture
- encouraging employee participation in social programs

³ Related documents: a) "Corporate Responsibility in Cyprus Corporate Culture", CEIF, 2007, b) "Corporate Social Responsibility: Cypriot perspective", M. Krambia-Kapardis, 2006

2.2.5 Current Practices in the Human Rights axis

In the axis of Human Rights’ protection, the Cypriot enterprises of the private sector seem to take actions to a lesser extent with the most basic of these focusing on:

- eliminating any factor that encourages forced labor
- non-discrimination policies in recruitment, working conditions and payment of workers
- respecting the freedom of syndicalism

2.2.6 Current Practices in the Reduction of Corruption axis

The reduction of corruption is the last axis of the current action of Cypriot enterprises in the context of CSR. The most characteristic activities are focused on:

- adopting practices in business ethics
- assessing businesses for identifying the factors associated with corruption
- adopting practices against any form of bribery and extortion in the internal and external business environment
- training workers in fighting against corruption

Also, watching the rates on the separation of choices among enterprises that claim that they already have adopted CSR practices and among those that indicate the contrary, it is shown that, the latter exhibit a strong presence, at level of activity, in most practices of all axes mentioned above. This leads us to the assumption that firms that undertake activities in the area of CSR, both in their internal and external environment, with an informal and unsystematic manner, quite often are not aware that these actions fall within the Responsible Entrepreneurship.

The following table maps the existing directions of implementation and the respective CSR activities promoted by the Cypriot enterprises.

	DIRECTIONS OF CSR ACTIVITIES PROMOTED BY CYPRIOT ENTERPRISES
HUMAN RIGHTS	In this area, with the issues that can be further improved by the enterprises concern the employment of people with disabilities , the training of workers on human rights and the promotion of human rights protection practices in the supply chain.
WORKING CONDITIONS	The elimination of all forms of discrimination with respect to employment and to a degree, the freedom of syndicalism, require special attention by the Cypriot enterprises that stated that they have adopted CSR practices.
ENVIRONMENT	The restoration and rehabilitation of the natural landscape, the prevention of marine and air pollution and the reduction of CO ₂ emissions, the investments in environmentally friendly technologies and the production of respective products are at the top of the actions with the smallest dealing mainly by businesses saying they have not adopted CSR practices.
FIGHTING CORRUPTION	The main deficiencies in this sector are identified in the relevant training of the employees and in the planning of treatment and rehabilitation procedures related to corruption (mainly from enterprises stating that they have not adopted CSR practices).

Regarding the placement of the Cypriot enterprises on the public sector’s activity directions, in the context of CSR development, there is an equal percentage distribution in the four directions, in the following priority order: a) protection of Human Rights, b) Work practices, c) fair market practices and d) protection of the environment. In contrast, there is limited reference in the areas of strengthening local communities and fighting against corruption.

Regarding accountability issues, there is 94% agreement of the Cyprus business community about whether companies should be accountable to consumers about the safety and quality of their products, as well as 85% agreement that the Companies should be accountable to the public for the environmental, economic and social impacts of their actions and activities. Lower but equally high levels of agreement (75%) record the views that companies should be accountable to workers and regulators on how they choose to manage their human resources as well as that they should be accountable to local communities for the business decisions that affect them (76%). From the above data, it appears that the issues of accountability and

sustainable development are accepted at least by respondents, a fact that highlights how important it is: a) to ensure that consumers get what they pay for, b) to protect the citizen's right to know business action on issues that affect their everyday lives and c) to prevent unethical business activity and allow for everyday justice.

2.3 Limiting factors on the CSR uptake by Cypriot enterprises

The survey showed that the factors limiting the involvement in CSR actions are somewhat different between firms that have already adopted CSR practices and those that have not.

- The category of enterprises **adopting CSR practices** believes that the main reasons that can negatively affect the adoption of further initiatives are in order of priority:
 1. The current economic situation of each company (48%)
 2. The economic crisis (43%)
 3. The firm size (33%)
 4. The expensive cost of responsible entrepreneurship programs (13%)
 5. The indifference of the administration (9%)
 6. The lack of evidence proving that business profit by implementing CSR (6%)
- The category of companies that **has not adopted CSR practices** argues that the main reasons that may adversely affect them, in undertaking such initiatives are mainly:
 1. The current economic situation of each company (40%)
 2. The firm size (32%)
 3. The economic crisis (28%)
 4. The administration's indifference (24%)
 5. The expensive cost of responsible entrepreneurship programs (9%)
 6. The lack of evidence proving that business profit by implementing CSR (8%)
- It is a fact that the financial crisis has resulted in a significant tremble in the evolution of markets and the private sector. Nevertheless, it should not stand as a constraint to the development and adoption of CSR practices by businesses. On the contrary, the lack of trust of consumers in businesses and the lack of credibility on the part of businesses require the immediate reaction of the business world. Under this perspective, the establishment of long-term relationships of mutual trust with the whole society is the main question. This is why the Cypriot companies must focus on new and innovative ways to maximize the welfare of their stakeholders through the implementation of effective programs for the society and the environment. The "excuse" that the lack of resources may lead to the discontinuation of CSR activities is not sufficient and the Cypriot companies should be careful because it is certain that those who will continue their commitment to CSR will eventually reap the benefits as opposed to those who will decide to abandon any effort forward. Even in those cases where companies continue to implement their social programs, with a reduction to the relevant budgets, they are offered the opportunity to be more creative, to attract more actively their employees to the social programs and to use other ways to support their social work (for example, make donations of products and services, not just money, develop synergies with other companies and organizations) increasing the efficiency of the funds they invest.

2.4 Priorities of Cypriot enterprises implementing CSR

- Exploring the expectations of Cypriot enterprises in relation to the CSR directions to which they should give priority within their responsible operation, a distinction was necessary between companies that state they already adopt CSR practices and those who state otherwise.

- Overall, the options are common to both categories of enterprises, but with a different priority order both with respect to the directions as well as the individual areas that compose them.
- A key observation is the absence, due to the limited percentages in both categories, of the direction of the development of local societies that apparently is not adopted by Cyprus companies as a priority in the field of CSR. This requires primarily informing companies about the development of local communities that is mainly related to activities and development programs that promote social cohesion and are derived from the needs of the local community, as well as about assessing the social impact of business activities in local communities operated by category of effect, such as employment of men and women, in matters of health and safety of the community, in education etc.
- Analytically, the choices of Cypriot enterprises are as follows:

With respect to the companies that **stated that they implement CSR practices**, the priority directions reported, are as follows:

2.4.1 Consumer protection and fair market practices

Consumer protection and fair market practices were chosen by 4.1 out of 10 companies. Nearly all of these companies, (90%), have chosen as their main priority this direction in order to ensure that they continue to provide safe and quality products to consumers. Additional initiatives that they should develop in the context of their responsible operation are:

- The protection of consumer rights (55%)
- The enhancement of accessibility of people with disabilities and people of foreign nationalities in services (39%) and
- The business investments aiming the health and safety of consumers (27%)

2.4.2 Labour practices – Human Resource

Labour practices – Human Resource were chosen by 3.4 out of 10 companies. Labour practices were reported as a second priority with particular emphasis on three areas:

- The education, training and professional development of employees (62%)
- The concern for health and safety in the workplace (52%)
- The strengthening of equal opportunities and diversity in employment (44%) and
- The enhancement of working conditions (38%)

2.4.3. Human Rights' Protection

Human Rights' protection was selected by 3,3 out of 10 enterprises. The direction of human rights protection has been chosen as a third priority and as we noted in the chapter where the current situation is presented, it hasn't captured the attention of Cypriot enterprises. The areas in which companies are receptive to invest in order to improve their operation under this direction are:

- the promotion of practices of human rights protection to suppliers and business partners (81%)
- the training of employees on human rights (72%)
- the implementation of non-discrimination policies in recruitment, in employment conditions and in compensation of employees (36%) and
- the elimination of any factor that may encourage forced labor (33%)

2.4.4 Environmental Protection

Environmental protection was selected by 2,9 out of 10 enterprises. The direction of Environmental protection has been chosen as the fourth priority obviously because the enterprises that are already practicing CSR have incorporated environmental

initiatives to their existing practices. The environmental practices that can be further developed, according to the enterprises, are the following:

- recycle materials (91%)
- waste management (85%)
- restoration and rehabilitation of the landscape (52%) and
- biotopes' protection (31%)

Finally, we should note that there is a detachment of the enterprises regarding the measurement and reduction of carbon dioxide emissions which is the main shortcoming of this direction.

2.4.5 Fighting corruption and enhancing transparency

Fighting corruption and enhancing transparency was selected by 2,7 out of 10 enterprises. This direction completes the main priorities of companies that state that are practicing CSR and which believe that they need to invest both in their assessment practices to identify the risks related to corruption (56%), and to develop business ethics practices (49%) in parallel to the training of their human resources in this area (32%).

2.5 Priorities of Cypriot enterprises not implementing CSR practices

The priorities of enterprises that reported that they don't implement CSR practices are:

2.5.1 Environmental protection

Environmental protection was selected by 5,5 out of 10 enterprises. These companies, to their majority, choose as their main priority to develop environmental initiatives aimed primarily on the following practices:

- recycle materials (85%)
- waste management (84%) and
- restoration and rehabilitation of the landscape (34%)

It should be noted here that the aforementioned enterprises keep a distance with respect to the issues of measuring and reducing emissions of carbon dioxide.

2.5.2 Labour practices – Labour Force

Labour practices-Labour force was selected by 4,8 out of 10 enterprises. Labour practices were selected as a the second priority in this category of enterprises where the prioritization of labour practices is as follows:

- education, training and career development of employees (80%)
- health and safety in the workplace (72%)
- equal opportunities and diversity in employment (59%)

2.5.3 Fighting corruption and enhancing transparency

Fighting corruption and enhancing transparency was selected by 2,2 out of 10 enterprises. This direction is the third priority of the enterprises that state they don't implement CSR practices, with main objectives:

- the education of employees on the issue of transparency (59%)
- the assessment of practices for identifying the risks related to corruption (57%) and
- the adoption of practices against any form of bribery and extortion both to their internal and external environment (43%)

2.5.4 Human Rights' Protection

Human Rights' Protection was selected by 2 out of 10 enterprises.

The Enterprises that have chosen this direction seem to give special importance to:

- the promotion of human rights protection practices in their supply chain (76%)
- the training of their employees on human rights (49%) and
- the elimination of the factors that encourage forced labor (30%)

2.5.5 Consumers protection and fair market practices

Consumers protection and fair practices was selected by 1,4 out of 10 enterprises.

The small percentage of companies that have chosen this direction, are exceptionally sensitive to:

- the supply of safe and quality products to consumers (72%),
- the investments for the health and safety of consumers (42%)
- the protection of the rights of consumers (41%) and
- the practices relating to the labeling of products and their effects (31%).

2.6 Incentives for enhancing the uptake of CSR activities by Cypriot enterprises

- The category of enterprises **adopting** CSR practices states that the reasons that could function as an additional incentive for the implementation of CSR practices are as follows:
 1. the free provision of counseling services (39%)
 2. the relative legislation (32%)
 3. the requirements of consumers, investors and NGOs on social and environmental issues (21%)
 4. the knowledge of best practices of other companies (13%)
 5. The social dialogue with various social partners to resolve issues (8%)
- The category of companies that **have not adopted** CSR practices states that the basic reasons that may positively influence the implementation of such initiatives are mainly:
 1. the relative legislation (32%)
 2. the free provision counseling services (31%)
 3. the knowledge of best practices of other companies (29%)
 4. the social dialogue with social partners to solve different relative issues (23%)
 5. the requirements of consumers, investors and NGOs on social and environmental issues (10%)

2.7 State Incentives/Expectations for the further engagement of Cypriot enterprises with CSR

- The position of Cypriot enterprises on their expectations from the State for their further engagement with CSR, is influenced directly both by the fact that they have highlighted as a key hindering factor for their involvement, their financial situation, the economic crisis and their business size that is indirectly linked to the first factor. As a result, the basic expectation of all enterprises is the institutionalization of financial incentives whereas the option of increasing their knowledge and understanding on CSR issues, issues that derived from the research as necessary, show a lesser degree of acceptance.

Analytically:

- For the category of enterprises **adopting CSR** practices, the expectations from the Cypriot state are identified as follows:
 1. institutionalization of economic incentives (74%)

2. implementation of educational seminars (44%)
3. institutionalization of rewards (31%)
4. implementation of relative conferences (21%)
5. implementation of surveys that will highlight citizens' expectations about CSR (19%)

- For companies that **have not adopted CSR** practices, the expectations from the Cypriot state are identified as follows:
 1. institutionalization of economic incentives (90%)
 2. institutionalization of rewards (38%)
 3. implementation of relative conferences (33%)
 4. implementation of educational seminars (27%)
 5. initiative of publishing periodic reports of good CSR practices (21%)

2.8 Short description of the CSR environment in Cyprus

PRIVATE SECTOR

RESEARCHED TOPICS	BASIC OUTCOMES
Knowledge and understanding of the CSR Concept	Limited knowledge and understanding by organizations that although they have an increasing tendency, this increase is disproportionate in comparison to the importance of issues that are being addressed by CSR the last 5 years.
Perception of CSR	The perception about the meaning of CSR is decisively influenced by the way each organization is involved with these issues. The application practices of responsible entrepreneurship, such as the support of social/environmental programs and the implementation of management systems standards seem to be more familiar to Cypriot organizations with respect to the definition of the concept of CSR.
Sources of information for the CSR	Both the Internet and the Media are on top of the Cypriot organizations' preferences, while the international conferences and seminars are considered as supportive sources of information.
Developmental factor of CSR	For the Cypriot private sector organizations, CSR development is due both to a type of external coercion and to a conscious choice towards a more efficient way of responsible business operation.
The importance of CSR	Its significance is largely recognized, especially towards the improvement of information and the organizations' contact with their stakeholders, their internal operation, as well as their contribution to the social benefit.
Adopting CSR practices	Almost half of the Cypriot organizations of the private sector claim that they adopt CSR Practices. Nevertheless, by data analysis, it seems that a substantive percentage of the organizations that implement various actions without strategic direction, usually do not comprehend that these actions come under CSR field.
Three main areas of activity of Cypriot enterprises in CSR	In order of priority: 1. The Environmental Protection 2. The Labour Practices and 3. The Fair Market Practices.

Three main areas of public sector activities in CSR, according to enterprises.	In order of priority: 1. Human Rights, 2. Labour Practices, 3. Fair Market Practices.
Managing CSR	Almost half of the organizations are characterized by lack of basic CSR management structures.
CSR incorporation in business decisions	Very limited. Cypriot organizations do not consider CSR necessary when it comes to their business strategy.
Current implementation and incorporation of international CSR standards	Limited to particular ISO standards, while the organisations' progress on this issue has been very limited during the last years.
Intention for implementation and incorporation of international CSR standards	The intention of enterprises to implement the international CSR standards is almost non-existent.
Process of determining stakeholders	6 out of the 10 organizations that declare they implement CSR practices, state that they have determined their Stakeholders
Dialogue process with stakeholders on CSR issues	5 out of the 10 organizations that declare they implement CSR practices state that they implement dialogue practices with their stakeholders in CSR issues.
Stakeholders' pressure on CSR issues.	Very limited. 8 out of the 10 Organizations that declare they implement dialogue practices with their Stakeholders, do not receive any interventions or pressure by them on CSR issues.
Communication mechanisms on CSR practices	There are no particular communication mechanisms of CSR actions. However the traditional communication tactics are followed (e-mail, fax, telephone).
Current systematic publicity of CSR actions and the relative results	6 out of the 10 organizations, who declare they implement CSR practices, have not published a Social Report or Sustainability Report, mainly because they do not consider it necessary.
Intention of systematic publication of CSR actions and results	More than 6 out of the 10 organizations, that do not systematically publish their actions in the CSR field, express a great deal of scepticism in the idea of adapting such publication actions in the future.
Factors that discourage the implementation of CSR practices	In order of priority: 1. Current financial state of each enterprise 2. Financial crisis and 3. Enterprise's size
Private sector evaluation for its involvement with CSR	Positive by the majority of the organizations, with a great percentage though staying back from this particular evaluation.
Evaluation of the public sector for the promotion of CSR	Negative by the majority of the organizations with a great percentage of them staying back from this particular evaluation.
Basic CSR directions – Cyprus enterprises' priorities	In order of priority: 1. Labour practices, 2. Environmental protection 3. Reduction of corruption, 4. Fair Market Practices. 5. Human Rights Protection and 6. Local societies development

<p>Factors that could function as an additional motive to the undertaking of CSR actions by the Cyprus enterprises.</p>	<p>In order of priority: 1. Free consultation on CSR 2. relative legislation and 3. knowledge of best practices of other companies.</p>
<p>Measures that should be taken by public authorities to encourage companies to embrace CSR</p>	<p>In order of priority: 1. Financial motives 2. Educational Seminars on CSR. 3. Awards Institutionalization and 4.Organizing relevant conferences</p>

2.9 Mapping and analysis of the results of the public sector

2.9.1 Understanding the concept of Corporate Social Responsibility

Knowledge and understanding of CSR in the public sector

- The concept of CSR is found to be very familiar to the representatives of government services in Cyprus, since more than 9 out of 10 state that they know or understand the concept adequately.
- The way CSR is perceived by the public institutions of Cyprus, seems to confirm the high degree of familiarity with the concept, defining it mainly as the responsibility of enterprises for their impact on society (new definition of CSR by the EU) as well as a process of consultation and collaboration of businesses with their stakeholders, in social and environmental issues, giving special emphasis on the voluntary dimension (original definition of CSR from EU).
- The Internet (7,5 out of 10), the Media (5,7 out of 10), the seminars and the international conferences (5,4 out of 10) as well as the relevant legislation and the EU documents (4,5 out of 10) compose the combination of the basic information sources for the representatives of governmental services on the development of CSR.

The importance of CSR

- The representatives of governmental services in Cyprus appear to understand and accept the importance of CSR. In particular, they consider its contribution to the development of a responsible corporate behaviour by the Cypriot companies as well as to restoring the society's trust towards them, overall important. Furthermore, they believe that CSR is an important factor for the sustainable operation of small-medium companies, while they consider, with some minor reservations, that it can contribute to the competitiveness of the Cypriot economy and the promotion of sustainable development.

2.9.2 Current interventions of the Public sector for the promotion of CSR

The existing interventions of public organizations, classified under the CSR directions, as derived from the synthetic study of the primary and the secondary research:

2.9.2.1 Current interventions of the public sector in the direction of the Environment

- Grant scheme for energy saving and promotion of renewable energy sources by private sector organizations.
- Implementation of schemes for efficient use of energy, like energy saving in public buildings, promotion of biofuels, public information campaigns, systems of energy certification of buildings etc.

- Introduction of Green Public Procurements, which allow for the inclusion of environmental considerations in the public procurement for supplies, services and works so as to ensure continuous progress in environmental performance, reducing environmental impact and maintaining financial sustainability.
- Promotion of the State Grant Scheme for the introduction of an environmental management system based on the EU Eco management and Audit Scheme-EMAS that concerns the voluntary participation of organizations in a Community Eco-Management and Audit Scheme. According to the grant scheme, the expenditure for consultancy purposes for the establishment of EMAS system and for the verification and validation of the system and the environmental statement are being funded.
- Promotion of the European system ECOLABEL for the promotion of products that have limited impact on the environment and for the diffusion of detailed and scientifically proven information and advice to consumers regarding products.
- The Council of Ministers has decided the establishment of a yearly contest for the selection and award of enterprises that stand out on environmental and generally on sustainable development issues.
- Publication of Practical Guide on Corporate Environmental Responsibility addressed mainly to Private Sector organizations, published by the Office of the Commissioner for the Environment.
- Cooperation of the Commissioner for the Environment with the Cyprus Chamber of Commerce and Industry (CCCI) for the establishment of the Non-profit Organization "Chrysofylli Oak" which has been approved by the Ministry of Finance as a charity foundation that, aims to find resources through voluntary contributions (which are exempt from income tax) from businesses and organizations that want to offer to the protection of the natural environment.
- Promotion of the Industrial Ecology idea among the Cypriot Industries that deals with an organized partnerships network among enterprises aiming at the limitation of industrial pollution and leading to significant savings in raw materials, water and energy.
- The Charter of Cypriot Enterprises against Climate Change which is a declaration of principles that serves as a tool for raising awareness to both the enterprises that adhere to it, and generally to the whole society, in the direction of limiting the carbon footprint and reducing energy consumption.
- Establishment of centers for the collection and management of solid waste such as vehicles, tires, batteries, electric appliances.
- Creation of Landfill sites and inert materials management units.
- Programs for reducing waste through a sorting program either on the spot or in landfill sites with the cooperation of local authorities.
- Promotion of the recycled water use through campaigns.
- Program for the controlling of industrial and commercial waste disposal, as well as organic urban waste management plants.
- Controls in order to reassure the installation of wastewater elaboration systems and noise energy management in industries.
- Scientific support to enterprises for adopting new technologies and techniques of reducing gas waste.
- Controlling and monitoring mechanisms of manufacturers, importers and distributors of chemicals.
- Training of organizations providing consulting services on industrial pollution control issues.
- Mechanism for informing the industry about the REACH regulation.

2.9.2.2 Current interventions of the public sector in the direction of Labour Practices

- Campaigns for Health and Safety issues to companies and yearly award of best practices in particular sectors of Health and Safety.
- Training and Development Services of the Human Resource (Schemes for Initial Training, Continuous Training, Special Prevention Plan – Action Plan, Special Scheme for the Promotion of Green skills in the Cypriot economy).
- Promotion of employees' participation in the decision making processes of enterprises.

- Participation in corporate training programs.
- Promotion of the demands and interests of particular groups, such as of the employees. Regulation of the relationship between employers and employees. Adoption of best practices in equality, discrimination and equal-pay issues.
- Promotion of practices for the reconciliation of work and family life.
- Implementation of mechanisms for resolving labour disputes between trade unions and employers and between employers and employees not represented by unions.
- Improvement of working conditions. Employee training on first aid and action in cases of fire (care for the safety of employees). Support of the employees' welfare fund.
- Promotion of principles and practices related to the issues of equal treatment of workers. Guides publication for e.g. sexual harassment in the workplace. Issuing of guides for raising business awareness and developing responsible business behavior, application of the principle of non-discrimination in serving unemployed in the Public Employment Services.
- Design and implementation of the project 'Actions to reduce the wage gap between women and men'. Promotion of processes for the equal and effective evaluation of employees, so that all employees are paid equally, whether they are men or women (enterprises certification for quality environment, prize award for participating in this program).
- Practices against discrimination (nationality, origin, colour, race). Organization of events, submission of reports on a monthly basis for guiding purposes with respect to policy regulations, for awareness and informational purposes.
- Support to businesses for introducing Risk Management Systems.
- Financial support to companies for the adoption of employee safety measures beyond those imposed by law.
- Training of employees in Health and Safety issues in industrial sectors that entail high accident risk.
- Campaigns on Health and Safety issues at work for employers, employees and citizens and cooperation with social partners to organize regular relevant workshops and seminars.
- Implementation of surveys to support Health and Safety systems at work.
- Informing employees on their employment rights.
- Organization of seminars for the improvement of employment relationships.
- Cooperation with social partners and enterprises on employment issues.

2.9.2.3 Current interventions of the public sector in the direction of Fair Market Practices

- Promoting responsible use of consumer products (e.g. chemicals in toys, jewellery, personal protective equipment).
- Consulting services that include information about the different laws and legal company obligations, and specialized consulting services.
- Participation in committees/bodies that operate and promote SME interests.
- Collaborations with EU member states and signing of protocols for the protection of consumers.
- Promote measures for specific vulnerable groups of citizens-consumers (young and elderly people) to protect their interests.
- Extrajudicial mechanism for regulating minor consumer claims.
- Strengthening market surveillance mechanisms and enforcement of stricter penalties on issues affecting people's health.
- Strengthening mechanisms of market research in collaboration with universities and scientific committees (formulation of reliable indicators).

2.9.2.4 Current interventions of the public sector in the direction of the Protection of Human Rights

- Incentives to companies for employing people with disabilities.
- Training programs for people with disability.

- Measures for the inclusion of vulnerable social groups in the labour market, such as addicts, foreigners (Vocational training programs, immigrants' employment policies, and rehabilitation of addicts).
- Services to vulnerable groups of young people that deal with issues of social exclusion and offer incentives to employees for hiring young people with special needs and delinquent behaviour.
- Promotion of equality and equal opportunities and elimination of discrimination.
- Improvement of the system of vocational guidance and training of women and promotion of flexible forms of employment.

2.9.2.5 Current interventions of the public sector in the direction of Society

- Financial and technical support of the citizens' society. Schemes for the financial and technical support of NGOs, local authorities and voluntary organizations for offering social services.
- Cooperation programs between companies and volunteers for increasing the social contribution of the business sector in the framework of the EU Directive on CSR.
- Support of the work of the Local Authorities for revising the Plan of Government Grants for a more rational allocation of resources based on certain criteria.
- Program "Youth Initiative" through which youth organizations and informal groups of young people dealing with CSR are subsidized.

2.9.2.6 Current general interventions of the Cypriot Organizations of the public sector in CSR

- Participation in CSR initiatives on national/European level.
- Promoting actions through reward. Establishment of Social Excellence Awards.
- Consulting services for the formulation of disciplinary codes and codes of ethics and the implementation of processes through which CSR is also covered.
- Encouragement of responsible investments by building on the participation of Cyprus in the European Program Progress-Strategies and Tools for the Promotion of Responsible Investments.
- Diffusion of knowledge and practices through the participation in conferences, workshops, publication of articles in magazines and newspapers. Sponsorship to the BEST PRACTICES ISSUE for CSR by the organization. The practices are materialized through a Strategy for CSR that is concentrated on human resources, the environment, the society and the consumers along with actions for each of these pillars with certain roles and responsibilities-duties regarding CSR, through conferences and publications in newspapers.

3. CSR STRATEGIC PRIORITIES

The development of the strategic character of CSR in Cyprus is defined as a fundamental priority. More than ever before, the management and the owners of Cypriot Organizations will have to be convinced that CSR is an investment and not an expense. The programs and initiatives will have to be more targeted, their outcomes and impact will have to be measured more effectively, while the benefits for the Organizations and the communities will have to be more obvious.

Organizations should be prepared to incorporate new ways of administration, to address and seek in the future, increased control over how they work and interact in business, social and environmental terms. All stakeholders expect from the organizations to show greater responsibility and more effective risk management.

CSR is not a trick to present a business as modern or contemporary or innovative. Neither is a transcendental endeavour to cover the existing problems in the economy and employment. It is not a way to achieve economic and tax benefits, as strongly recorded in the survey of public sector organizations. On the contrary, CSR should be dealt with by the Cypriot organizations as an ongoing effort to develop relationships of trust with their stakeholders by focusing on creating added value and a long-term perspective.

Objectives

The overall NAP-CSR objective is to increase the number of Cypriot Organizations that recognize and incorporate CSR in their strategic directions and in their daily operations, along with the sustainable development principles. This will lead to an economy that will be operating on the basis of achieving high levels of competitiveness and that will be developing on the axis of long-term sustainability.

The strategic objectives of the Cypriot Government with the NAP-CSR development are the following:

- ⇒ The increase of knowledge, publicity and importance of CSR.
- ⇒ The change in attitude and the greater engagement of small and medium-sized organizations with CSR.
- ⇒ The greater integration of CSR at strategic level in large organizations of the private and public sector by correcting or shaping key strategic choices according to the principles of sustainable development.
- ⇒ The development of the institutional and participatory role of the public sector in CSR development so that it becomes more attractive to private sector organizations.
- ⇒ The promotion of CSR activities in a coordinated way, both by the government and the private sector.

4. ACTIONS FOR THE DEVELOPMENT OF CSR

The actions of the NAP-CSR mainly focus on the development of a relevant business culture and on the integration of the CSR concept in the daily practices of the Cypriot Organizations. They are divided into three main axis:

4.1 1st Axis: To inform and educate Cypriot Enterprises and particularly the SMEs, on the contemporary idea of CSR and disseminate good practices

The effective communication and education of Cypriot enterprises and particularly of the small and medium sized enterprises cannot be the result of occasional promotional actions. It requires the formulation of a comprehensive educational plan that will include:

- The collection of informational and educational material related to CSR along with the right of all Cypriot enterprises to have access in it.
- The collection and presentation of good practices. There will be constant updating through the website of the specialised body/institution created for the promotion of CSR in Cyprus, in cooperation with CSR Europe.
- The implementation of educational seminars and workshops of discussion by activity sector on the benefits of CSR in collaboration with specialized government bodies or NGOs.
- The examination of the possibility of creating a special direct open line of communication with Enterprises for solving and giving clarification on basic questions or other issues related to CSR (via the body/institution that will promote CSR in Cyprus).
- The establishment of annual conferences for the promotion of best practices on CSR with the participation of distinguished speakers from all over the world, aiming the discussion and presentation of the latest trends on sustainable development through the best practices of SMEs from Cyprus and abroad.
- The promotion of a CSR culture to candidates for business executive positions. Encouragement of large enterprises to implement intra-operational training of their staff on this issue with the cooperation of the Faculties of Economics and Business Administration.
- The creation of specialized programs of adaptation and simulation according to CSR requirements in order to enhance the awareness of self-taught entrepreneurs who, to a great extent, run SMEs in Cyprus. To this end, the implementation of the game Responsible Employee Attitude Challenge in CSR (R.E.A.Ch. – CSR) related to small companies is suggested.
- The ability to create, in collaboration with scientific institutions, CSR interactive tools and to promote their use by Cyprus companies via the relevant website.
- The co-coordinated promotion and education on CSR of trade unions and employers' organisations, federations and chambers as well as the enrichment of their websites (where available) with the corresponding educational material.
- The inclusion of CSR as a training module in the Cyprus Academy of Public Administration to inform government officials but also the different guilds.
- The collaboration with higher education institutions in Cyprus to promote CSR through their academic programs (undergraduate and/or postgraduate) and through continuing or lifelong training consisting of shorter period programs or seminars. The collaboration with educational institutions in Cyprus for conducting studies that will help in the improvement and monitoring of the general public's level of trust towards the enterprises.
- The promotion of CSR in the academic field and the culture of educational institutions by sending a letter (by the competent authority) to all Universities and Business Administration Schools in Cyprus informing them on the 6 principles of the United Nations Principles for Responsible Management Education (the respective website on the relevant training material in <http://www.unprme.org/index.php>).
- The formulation of a working group in collaboration with specialized bodies and Organizations' representatives in order to determine criteria (e.g. consistency, innovation,

effectiveness or applicability of the practice in another organization) and collect, evaluate and select good CSR practices for publication.

- The examination of the possibility of encouraging and supporting (space availability and covering operating expenses) the implementation of workshops for sharing good practices in CSR, especially among SMEs, under the aegis of the Planning Bureau.
- The formulation of a specific plan of promotion and publicity of good CSR practices of the Cypriot public organizations as a good example for both the business community and citizens. Promotion through the media, of debates and interventions on radio and television programs, newspaper articles, meetings.
- The organization of workshops, with respect to CSR management issues, with the cooperation and participation of enterprises which have greater ability and experience with CSR, for the promotion of best CSR practices in SMEs.
- The collaboration with a specialized scientific body for conducting an annual evaluation of the CSR structure in Cypriot enterprises and for institutionalizing a prize per business category based on the enterprises' size.
- Promotion of the Guide prepared along with the NAP-CSR, to enterprises. The Guide includes a special section on how Cypriot enterprises can strategically manage and integrate CSR in their operations.
- Enrichment with new data and promotion of the Practical Guide for the Corporate Environmental Responsibility issued by the Office of the Commissioner for the Environment.
- Creation of a working group in cooperation with specialized bodies and representatives of enterprises and organizations to collect, evaluate and select the best environmental practices of Cypriot enterprises and public institutions for publication purposes.

4.1.1 Systematic research for determining the expectations of businesses and citizens with respect to CSR

- For the achievement of this goal, the Government will promote the implementation of the Social Barometer A.S.B.I. (Awareness & Social Behavior Index), a pioneering specialized strategic tool that was created for the systematic monitoring of the trends in society with regard to issues of social awareness of citizens, NGOs and social work of the companies within CSR.

4.1.2 Informing citizens/consumers through a comprehensive communication program for the promotion of CSR, in cooperation with the Media

For the achievement of this objective, the Government will be directed towards developing the measures below:

- A comprehensive plan of indirect promotion and publicity in the media: the coordinated utilization, through the Planning Bureau, of existing relations of public organisations with the media, to promote CSR in Cyprus is recommended and, adding to this, the preparation of a program of publicity which will consist of a combination of related interviews, columns, features and press releases.
- A specific information plan through the internet:
 - Creation of a program for the promotion of actions to the Social media.
 - Enrichment of all public institutions' websites with a special section for the promotion of CSR issues. The website is a tool that is increasingly being used by all organizations therefore it would be appropriate to create a special section where policies on the environment and other social issues will be reported. It may also include reports and publications and recent information on responsible entrepreneurship.
- A specific plan of promotional activities: preparation of an Action Plan of Promotional Activities which will help to disseminate information and stimulate the adoption of CSR practices by the public and private sectors. Some examples could include: the Creative Design of special brochures and their distribution, a Pancyprrian Roadshow, Informational Meetings, Conferences, Workshops etc.

4.1.3 Promoting dialogue between Cypriot enterprises and their stakeholders on CSR issues

For the achievement of the specific goal, the Government will be directed towards developing the measures below:

- Organization of a series of training seminars and promotion of guidelines (AA1000 – ISO 26000) to companies for the development of dialogue with their stakeholders.
- Dedication of a section with respect to the dialogue with stakeholders in the CSR educational material that will be used for business training purposes (concerns the first objective)
- Investigating the possible operation of an electronic information platform (through the implementation of the website of the CSR Europe Cyprus body) and the promotion of best practices of organizations with expertise in the specific subject.
- Creation of tool kit for businesses, with material that will concern the key implementation stages of dialogue with stakeholders.
- Usage of the media through relevant articles on the importance of dialogue with stakeholders as an alternative institutional strategy for social and environmental sustainability.
- Promotion of the CSR Guide that was created along with the preparation of the NAP-CSR to enterprises. The CSR Guide contains a special section for the dialogue with stakeholders as well as the basic steps for its implementation.
- Organization of one-day meetings or two-day meetings on CSR issues (e.g. Environment, Human Rights, Corruption) with the participation of representatives from the relevant governmental bodies, corporations, NGOs, Media, residents of the area for the discussion of the issues they are facing and the possible ways to solve them.

4.1.4 Activating the “civil society”, especially NGOs, as strategic allies in the development of CSR

For the achievement of the specific goal, the Government will be directed to the development of the following measures:

- Implementation of a process of consultation and presentation of the NAP-CSR to the “civil society” in order to determine specific measures of “pressure”, as a common policy of NGOs and of citizens associations towards CSR.
- Partnerships with NGOs, for the establishment of criteria (e.g. environmental, Human Rights, reduction of corruption) that would serve in the evaluation and reward of enterprises’ performance in accordance with the Government’s incentives for the development of CSR.
- Partnerships with NGOs, as an educational vehicle for educating small-medium Cypriot enterprises (e.g. on environmental issues) but also for training and providing expertise on specialized issues (such as Human Rights and Corruption issues).
- Investigation of the possibility of supporting (financial assistance, publicity, promotion) important initiatives and activities of NGOs with respect to sustainable development issues, where enterprises also participate actively in the implementation (through employees’ volunteering).
- Promotion of education and awareness of the public through NGOs, for sustainable development and for important environmental and social issues, with information campaigns, publications, reports, presentations and events organized by the Government.

4.2 2nd Axis: The institutionalization of incentives for the implementation of CSR by Cypriot enterprises

In order to achieve this objective, the Government will be directed to the development of the following measures:

- Scientific support and coverage of all relevant information and knowledge on CSR issues and dissemination of the respective good practises to enterprises through the implementation of CSR Europe Cyprus and the establishment of an information network.
- Simplification of bureaucracy in the transactions between public institutions and SMEs. In this way, the latter can save time and deal with CSR issues.
- Investigation of the creation of a specialized mechanism for advertisement, publicity and promotion of SMEs that implement CSR practises, without any cost (e-Advertisement or publicity in public informational material for CSR).
- Enactment of annual awards, especially for SMEs, in key areas of CSR (e.g. Environment, Human Rights).
- Study the possibility of introducing tax incentives for the production or marketing of products or services which are friendly to environment.
- Investigation of the possibility for tax exclusion of expenses that are related to the implementation of coordinated CSR actions (implementation plan and targets) from the SMEs.
- Investigation of the possibility of giving the right for additional grants and loans to SMEs that plan to issue annual reports on social and environmental practises.
- Investigate the possibility of enrichment and promotion of existing incentives towards enterprises for hiring and developing vocational training for people with disabilities and for young poor people with delinquent behaviour.
- Promotion of CSR in local authorities and support of enterprises in implementing major CSR practices in their local communities.
- Investigation of the possibility of implementing a specific communication campaign to inform citizens and consumers for sustainable consumer behaviour that would help promote enterprises that implement responsible practices of sustainable development.
- Implementation of consultation on the development of commonly accepted criteria (among businesses, civil society and public institutions) to help establish the credibility of the existing institution of environmental awards so that the greatest possible participation of the business world is achieved.
- It is recommended to integrate the Enterprise Award for good practices, as an important part of the various conferences that will be implemented for the promotion of CSR.

4.2.1 Formulation of relevant legislation dealing with environmental policies and policies for increasing transparency

For the achievement of the specific goal, the Government will be directed to the development of the following measures:

- Within the specific intervention and considering the plethora of environmental laws and regulations enacted since the accession of Cyprus to the EU, it is recommended that a consultation is held with the competent environmental body and environmental organizations to assess the need for designing additional environmental regulations.
- With respect to the legislation concerning the prevention of corruption the Government will need to target the enhancement of the services currently provided, the simplification of administrative procedures, the reduction of bureaucracy and the transparency of government bodies with respect to procedures of hiring people especially on the ground of their ethos and willingness to offer. For reducing corruption the following measures are recommended:
 - Collaboration with specialized bodies, e.g. “Transparency Cyprus”, to investigate the possibility of monitoring and evaluating the present legislation against corruption and making proposals for complementing it.
 - Exploring the possibility of creating an authority against corruption.
 - Exploring the possibility for creating legislation against bribery.
 - Exploring the legislation on Corporate Governance.
 - Investigation of the possibility for creating legislation on the reporting against corruption.
 - Legislation relating to the most effective functioning of audit, investigative and enforcement mechanisms against corruption.

- Strict application of laws to protect the natural environment.

4.2.2 Intensification of inspections in enterprises with respect to environmental issues, market issues and issues related to the reduction of corruption

For the achievement of this objective the Government will be directed to the development of the following measures:

- With regard to the environmental inspections, further utilization of the relevant public auditing mechanisms that possess the methodology and technical training for both the examination and evaluation of the organizations' compliance with the terms contained in the environmental permits granted and generally in local environmental legislation, as well as the identification and evaluation of potential environmental risks beyond the terms of the environmental permitting.
- Regarding the inspections for the reduction of corruption, the public body that directs the respective control mechanisms along with its main work, shall be further involved towards the development of communication, information and cooperation channels with public administration of other countries, especially of the EU countries, so that the international experience and the comparative institutional approach can be a factor for its empowerment and optimization. Also in this direction, it is proposed to work towards the cooperation with the Organization against corruption "TRANSPARENCY CYPRUS", so as to facilitate reformation in areas where there is corruption and to promote good governance in vital/key areas of public and private life.
- Increased support and activation of research and market surveillance mechanisms by the relevant control mechanisms as well as the cooperation with consumer associations.

4.3 3rd Axis: Highlighting the significance of Accountability/Reporting of enterprises on CSR

To achieve this objective, the Government will promote the implementation of the following measures:

- Cooperation with the organisation Global Reporting Initiative (GRI) for the creation of DATA PARTNER in Cyprus, to promote the concept of Social Reports.
- Organisation of a series of training seminars aiming at developing the knowledge of the Cypriot businesses about the importance of the Social Reporting and the promotion of such guidelines (GRI).
- Promotion of the CSR Guide that was created within the context of the establishment of the NAP-CSR, to the companies, which has a special section on the Social Reporting stating the basic steps for their implementation.
- Promotion of accountability in semi-government organisations for the publication of a special Social Responsibility Report which is proposed to cover up to twenty (20) indicators according to the standards of the GRI guidelines (the proposal is presented in more detail in the section of Direct Actions of CSR).
- Enriching the website of the newly formed organisation for the promotion of CSR, CSR Europe Cyprus, with a special section that will provide on line instructions for creating a Social Report (GRI's relevant template for the small-medium enterprises). The goal is to help small-medium companies to easily and quickly learn the basic sections included in a Social Report and according to the nature of their business, environmental and social activities, to choose those that are more familiar to them and to create their own Social Report or a comprehensive brief reporting as a first step.
- Enriching the website of the newly formed organisation for the promotion of CSR, CSR Europe Cyprus, with a special section that will present the Social Report or Sustainability Reports Cypriot enterprises.
- Establishment of an annual award for the best Social Report of small-medium enterprises, but also of large enterprises.

- Gradual induction of the criterion of issuing Social Report (with a certain degree of severity in the evaluation of the firms' offers) in public procurements.
- Promotion of the value of Social Reporting from the businesses, as well as measures that the Government is intending to promote as a matter of publicity in the Media.

4.3.1 The promotion of international standards of Corporate Responsibility ISO26000

- With respect to ISO26000, the Government will promote the cooperation with the Cyprus Organisation for Standardization (CYS), the Cyprus Employers' and Industrialists' Federation and the Cyprus Association for Quality, for the systematic promotion of the model in order to raise awareness and activate the Cypriot enterprises.

4.3.2 Promoting Social Investments

For the achievement of this goal, the Government will be directed to the development of the following measures:

- In cooperation with the Cyprus Stock Exchange (C.S.E.), the possibility to establish, according to the standards of the London Stock Exchange and other European Stock markets, an index for assessing the social performance of companies traded on the C.S.E. will be considered. The aim of such a move would be on the one hand, the motivation and mobilization of the interest of the Cypriot capitals for such investments and on the other hand, the deployment of international portfolio for investments driven by respective criteria. For the smooth, reliable and transparent operation of such indicator, it is suggested that this task would be undertaken by a qualified body or an independent authority in order to evaluate companies' performance with respect to CSR and inform the relevant index.
- The promotion of accountability in the listed companies, in cooperation with the C.S.E. administration, in a pilot stage, with the gradual implementation of twenty (20) indicators of GRI (the proposal is presented in detail in the CSR Direct Actions section).
- The evaluation of indicators (with reference to the new edition of the code of Corporate Governance of the C.S.E.) and the ranking of listed companies based on their adaptability to the principles of Corporate Governance. In cooperation with the Cyprus Security and Exchange Commission and the C.S.E., such indicators could be a useful tool for guiding investment decisions of institutional and private investors, further enhancing the transparency of businesses and efficiency of capital markets. Provision for regular publication of the relevant study by the media and organization of workshop of long range.

4.3.3 Promotion of Environmental Protection

To achieve this objective, the Government will promote the implementation of the following measures:

- Promoting the publication of short annual environmental reports with reference to the coverage of relevant GRI indicators from businesses and semi-governmental organizations, and the introduction of this initiative as an additional criterion to the existing institution of Green Public Procurement, relating to public procurement.
- Implementation of environmental educational seminars and workshops per sector of activity of Cypriot enterprises, in cooperation with specialized bodies and environmental NGOs on the importance of formal EVALUATING ENVIRONMENTAL RISKS of business activity. This initiative will be able to promote, at a greater extent, the existing environmental practices such as: the Plan for government sponsorship for introducing environmental management system EMAS, the European system of ecological label ECOLABEL, the Charter of Cypriot enterprises against Climate Change and the idea of industrial ecology.
- Cooperation with environmental NGOs and civil society organizations through meetings and consultations, in order to establish concrete pressure measures (control and disclosure of

environmental impacts of business operations) to businesses for the development of their environmental responsibility.

- Intensification of supervisory authorities to implement businesses inspections on Environmental issues.
- Adoption of tax incentives for environmentally friendly products or services and imposition of strict penalties for non-environmentally responsible companies.
- Informing and raising awareness of citizens by NGOs, for sustainable development and critical environmental issues through information campaigns, publications, reforestation initiatives, cleaning beaches, events under the auspices of the Cypriot Presidency. Also, promoting environmental awareness by educational institutions through different workshops that they can organize, open to the public for information and training on specific environmental issues (e.g. the value of recycling).
- Implementation of periodic surveys in Cypriot enterprises on the evaluation of their environmental performance, but also on consumers for the emergence of their environmental expectations and the degree of their confidence in the environmental responsibility of businesses.

5. AREAS OF CSR ACTIVITIES OF CYPRIOT ENTERPRISES

This category of directions is focused on measures for encouraging enterprises towards the adaptation of CSR actions in the sectors of Employment Practices, Environment, Society and the Market based on the priorities of the Cypriot enterprises of the private sector as they were expressed through the primary research.

5.1 1st Priority: EMPLOYMENT PRACTICES AND HUMAN RIGHTS

- Education, training and professional development of employees
- Health & Safety in the workplace
- Strengthening equal opportunities and diversity in the workplace.
- Improving working conditions
- Protection of human rights practices in the supply chain
- Abolishing factors that encourage child labour
- Employees' training in human rights
- Abolishing factors that encourage forced labour

5.2 2nd Priority: ENVIRONMENT

- Materials recycling
- Proper waste management
- Rehabilitation and reconstruction of the landscape
- Habitat-protection
- Climate Change and reduce of greenhouse gas emissions
- Responsible use of energy

5.3 3rd Priority: SOCIETY AND REDUCTION OF CORRUPTION

- Adoption of initiatives that will contribute to the promotion of development projects in local societies for the common well
- Practices against corruption and companies' evaluation for the allocation of dangers related to corruption
- Employees' training on policies of corruption reduction
- Business ethics practices

5.4 4th Priority: MARKET

- Provision of secure products and services
- Protecting consumers' rights
- Enhancing accessibility of people with disabilities and people of foreign nationalities to services
- Undertaking corporate investment aiming at consumers' health and safety

6. RESPECT OF HUMAN RIGHTS

On the 16th of June 2011, the UN Council on Human Rights adopted a new set of Guiding Principles for Businesses and Human Rights, which provide a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity.

The Guiding Principles are the product of six years research led by Professor John Ruggie, University of Harvard, involving governments, businesses, business associations, affected individuals and groups, investors and others.

The Framework is organized around three fundamental principles "PROTECT, RESPECT, REMEDY":

- ⇒ Protect: The duty of the Government to protect against human rights abuses by third parties, including businesses.
- ⇒ Respect: The corporate responsibility to respect human rights.
- ⇒ Remedy: Safeguarding on behalf of the Government the potential for effective access to rehabilitation/treatment through a non-judicial mechanism.

Human rights is one of the most basic areas of CSR. Governments have the primary responsibility for the protection of human rights, however, both individuals and organizations, can play an important role in their support and respect. Organizations are responsible for the protection and respect of human rights both in the workplace and in the area of their activity.

As more and more organizations are finding their legal, moral and business need to turn to human rights issues, they face a number of challenges against political, social, economic and labor rights as defined by the International Labour Organization concerning trade union freedom, avoiding factors that encourage child and forced labor, and eliminating factors that contribute to the development of workplace discrimination.

An organization can be characterized as "indirect complicit" in human rights violations, if somehow tolerates or deliberately knows and ignores such violations by another organization. It can also be described as 'direct complicit', if it intentionally offers help or encourages the perpetuation of conditions of these violations. In contrast, avoiding complicity in violations of human rights means that the organization promotes respect for Human Rights in the working environment and the sphere of its influence.

So, a major challenge for Cypriot organizations lies in the appreciation and understanding of their cooperation with NGOs, public bodies and other organizations in the field of their activities to prevent human rights abuses and taking initiatives to protect them.

According to ISO26000:

- ⇒ Human rights are inalienable. People cannot waive, nor be deprived of by any government or other bodies.
- ⇒ Human rights apply to all people regardless of race, origin, color, age, sex, religion, language, ethnicity, etc.
- ⇒ Human rights are indivisible: All categories of human rights have the same degree of importance.
- ⇒ Human rights are interdependent: Each human right participates in the making and existence of all other rights.

The commitment to the International Charter of Human Rights, the identification of sources of human rights violations that may exist in the workplace, the concern for their protection and the avoidance of complicity in their encroachment, the design of procedures for resolving complaints referred to them and the concern for the rights of vulnerable social groups within and outside the workplace are key initiatives that can be taken by organizations towards the protection of human rights.

6.1 Institutional Framework for the Protection of Human Rights in Cyprus

The legal system in Cyprus secures and guarantees the fundamental human rights of all persons without any distinction or differentiation between citizens and non-citizens of the republic.

First, the Constitution of the Republic (Articles 6 to 35), secures a large number of protected individual and social rights, such as the right to life, prohibition of inhuman treatment and slavery, freedom of speech, thought, conscience and religion and right to respect for private / family life, property, labor, to contract, of assembly and to strike. Further, it secures the equality of citizens against the law, the administration and the justice and protects the enjoyment of all rights and freedoms that are provided in the Constitution without any discrimination, direct or indirect, against any person because of community, race, color, religion, language, gender, belief, national or social origin or social class, or because of any other reason, unless this is clearly indicated in the Constitution itself.

The status of Cyprus as an EU Member State and the implementation of the *acquis* has strengthened the national institutional framework for the protection of human rights. Respect for human rights is one of the fundamental values of the European Union, which has incorporated the basic principles of this issue in the treaties governing its operation and in the Charter of Fundamental Human Rights. The Charter brings together, in a single text, all the fundamental rights of European citizens, as well as all persons living in the territory of the Union and since the Treaty of Lisbon entered into force on 1st of December 2009, it became legally binding for the 25 Member States, with Cyprus being one of them.

Also, Cyprus, as participating in international organizations, has signed and ratified in some cases with laws, a large number of international conventions or protocols contracted to ensure overall protection of human rights. The most important of these conventions / protocols are:

- i. The Convention of the Council of Europe on the Protection of Human Rights and Fundamental Freedoms and its Protocols
- ii. The International Convention on the Elimination of All Forms of Racial Discrimination and the Convention Ratification Laws
- iii. The International Pact on Civil and Political Rights
- iv. The UN Convention on the Elimination of All Forms of Discrimination against Women.

In the scope of implementation of the international law, Cyprus has also adopted a legislative framework providing legal protection especially for people who are victims of discrimination. This framework prohibits unjustified discrimination, direct or indirect, based on specific reasons.

The legislative framework against discrimination includes:

- The Law on the Combat of Racial and Some Other Discrimination Commissioner
- The Law on the Convention on the Elimination of all Forms of Racial Discrimination
- The Law on Equal Treatment of Persons Irrespective of Racial or National Origin
- The Law on Equal Treatment in Employment and Occupation
- The Law on Equal Treatment of Men and Women in Employment and Vocational Training
- The Law on Equal Pay for Men and Women for the Same Work or for Work of Equal Value
- The Law on Persons with Disabilities.

Corporate responsibility to respect human rights

Cypriot companies **should** take actions of corporate responsibility to respect and protect human rights, as guaranteed by the Constitution and international human rights agreements.

At the same time, they **have** the obligation to apply the legislation that prohibits discrimination.

These responsibilities and obligations extend, both in the workplace of companies in relation to the persons they employ, and in their business activity in relation to their customers, partners and the local community.

6.2 Entities that examine grievances/complaints on human rights violations

6.2.1 Office of the Commissioner for Administration (Ombudsman)

By joining the EU, for purposes of compliance with the Article 13 of the Directive to combat racial and ethnic discrimination (2000/43/EC), the Republic of Cyprus appointed the Commissioner for Administration as the independent body / authority to deal and decide on issues related to discrimination. For more effective exercise of this duty, two independent authorities: the Authority against Discrimination and the Equality Authority were established within the Office of the Commissioner for Administration and staffed by members of its personnel.

Main institutional competence of both Authorities, as defined by the legislation is to investigate, as independent authorities, through non judicial procedures, complaints by people who believe they are / were victims of discrimination either in the public or private sector activities. Their field of activities includes discrimination based on gender, race, community, language, color, religion, political or other beliefs, national or ethnic origin, disability, age, sexual orientation or any other grounds prohibited by law.

Specifically, the Equality Authority has jurisdiction to investigate complaints about gender discrimination, as well as discrimination that are reserved in the sector of employment on the basis of any reason. On the other hand, the Authority against Discrimination investigates complaints of discrimination on the basis of all the above reasons, other than gender, in the areas of education, healthcare, social protection and social benefits, and access to goods and services.

In cases where the Ombudsman finds that a particular practice / conduct constitutes unlawful discrimination, he may issue an order to end the practice / behavior and, in case of non-compliance, to impose fines on the persons / organisations involved.

In the basis of the above, it appears that the Commissioner investigates to a certain degree, non-judicial, complaints of discrimination by companies.

6.2.2 Office of the Commissioner for Children's Rights

The Commissioner for Children's Rights is an independent institution, that is dedicated to ensuring the rights of the child and whose powers and duties are defined by law.

The Commissioner receives complaints concerning the rights of the child and, according to the law, if he considers that they need further investigation by a competent authority, he has the power to send these complaints to that authority for investigation and to monitor the progress of the investigation. Also, the Commissioner may take the initiative to call for investigation and follow the course of investigating complaints from any authority, regarding violation of rights of the child.

6.2.3 Cyprus National Bioethics Committee

According to the Article 3 (1) of Law N.150 (I) / 2001, Law on Bioethics (Establishment and Operation of the National Committee) of 2001, the mission of the Cyprus National Bioethics Committee is the continuous monitoring, research, systematic analysis and evaluation of issues and problems associated with scientific research, advancement and application of the science of

biotechnology, biology, medicine, genetics and pharmaceuticals, as well as human intervention in the biological process and in the human genotype and to investigate their moral, ethical, social, humanitarian and legal dimensions.

The Cyprus National Bioethics Committee, under the powers granted by the Law 150 (I) / 2001, has set up three Bioethics Evaluation Committees:

- i. The Bioethics Evaluation Committee for Research Protocols related to clinical research in medicine for human use
- ii. The Bioethics Evaluation Committee for biomedical research and
- iii. The Bioethics Evaluation Committee for research protocols on Biomedical Research and on clinical research in medicine for Human Use (formed 18/03/2008).

6.2.4 The Safeguarding and Protection of Patients' Rights Law of 2004 (1[I] / 2005)

In the framework of the protection of patients' rights stemming from international and European conventions and other legal acts and, in particular the relevant international conventions that the Republic of Cyprus ratifies, the Declaration on the Promotion of Patients' Rights in Europe of the World Health Organization and the European Charter of Patients' Rights and the Charter of Fundamental Rights of the European Union, which was incorporated into the Constitutional Treaty signed on the 29th of October 2004, the Complaint Review Committee was established with competence to examine complaints of patients.

6.2.5 Laws on safety and health at work of 1996 to 2011

These laws provide for ensuring the safety, health and welfare of persons at work in all sectors of economic activity and for protecting any others against the risks to health and safety in relation to the activities of persons at work.

6.2.6 Office of the Commissioner for Personal Data Protection

According to the Law, the Commissioner investigates complaints about potential infringement of the legislation for the protection of personal data. [Article 23 (I) of the Processing of Personal Data (Protection of Individuals) Law].

6.3 Existing Practices of Cypriot Enterprises with respect to Human Rights

Regarding the protection of Human Rights, it seems that Cypriot enterprises in the private sector have already been taking actions to a limited extent with the most basic of them focused on:

- eliminating any factors that encourage forced labor
- non-discrimination policies in recruitment, working conditions and pay for workers
- respecting the freedom of syndicalism

6.4 Measures for adopting CSR in the area of human rights by the Government

A key challenge for Governments, as stated in the relevant EU Communication, is to improve the coherence of various policies and actions that contribute to the respect of human rights by businesses. The European Commission in cooperation with the businesses and stakeholders are gradually developing guidelines on human rights for a limited number of related industries, as well as guidelines for small and medium enterprises, based on the UN Guiding Principles.

Building on the work done at European level, the Government will work to promote the respect for human rights by companies with the implementation of the following measures:

- Cooperation with specialized bodies to explore the possibility of monitoring and evaluating the existing legislation for the protection of human rights and submission of supplementary proposals if needed.
- Implementation of a process for checking the existence of formal policies and systematic measures for the protection of human rights in government and semi-government organizations.
- Cooperation with NGOs and CSR specialized agencies to create and promote a Code of Respect and Protection of Human Rights, in the form of an example that can be adopted as a guide by all private, semi-public, public organizations, using the corresponding work of the European Commission.
- Establishment of a working group, in collaboration with specialized agencies and representatives of businesses and organizations, with a view to gather, evaluate and select best practices in human rights of the Cypriot enterprises and public organizations and to publish them. Also, the undertaking of an initiative for the implementation of workshops for the private organizations with the main objective to present best practices related to the respect of human rights, from SMEs to larger enterprises.
- Cooperation with educational institutions to contribute to the integration of the protection of human rights as a training session at their academic programs (undergraduate and / or graduate), as well as through the continuous or lifelong training consisting of short term programs or seminars.
- Implementation of short term training programs targeting business executives in collaboration with specialized government agencies or NGOs on the importance of integrating the PROTECTION OF HUMAN RIGHTS in the Code of Values and Principles or Codes of Conduct that may be available to businesses and on related EDUCATION OF THEIR STAFF⁴.
- Investigate the possibility of enriching and promoting existing incentives for businesses to hire and develop vocational training for people with disabilities and poor young people with delinquent behavior.
- Evaluation and support (financial and communicational) of major initiatives of NGOs related to the promotion of the protection of human rights and the understanding of equality and equal opportunities.
- Improving the current system of vocational guidance and training of women and promoting flexible forms of employment.
- Strengthening the Office of the Law Commissioner to establish a call centre or a national conduct point (NCP) for workers' complaints about the violation of human rights in the workplace, as well as basic mechanisms for informing companies and helping them deal with such cases⁵.

⁴ Fostering rights-respecting corporate cultures (paragraph 39) from Business and Human Rights: Further steps toward the operationalization of the “protect, respect and remedy” framework.

⁵ State-based non-judicial (paragraphs 96,99 & 102) from Business and Human Rights: Further steps toward the operationalization of the “protect, respect and remedy” framework

7. IMPLEMENTATION OF THE NAP-CSR - NATIONAL MECHANISM

The implementation of the NAP-CSR requires the government to seize all existing partnerships between agencies, as well as to create new partnerships that will contribute decisively to the implementation of responsible actions and practices. Also, the commitment of all stakeholders, as well as social groups in implementing and maintaining the dialogue on the development of the concept in Cyprus, is considered extremely valuable.

Timeline: The mentioned guidelines, practices, and public interventions are feasible to be implemented by the end of 2015, provided that there is sufficient commitment and financial resources.

Equally important for creating the suitable infrastructure that will ensure the successful implementation of the NAP-CSR is that any actions planned and implemented, are fully transparent, an innate value of CSR.

The implementation of the NAP-CSR requires the adoption of CSR practices and their integration into the culture, the policy implementation and more generally, the formulation of the strategy.

7.1 CSR National Mechanism

The commitment of all stakeholders as well as social groups in implementing and maintaining the dialogue on the development of the concept in Cyprus is extremely valuable. For this purpose, a national mechanism will be set up that will be composed by the key stakeholders so as to ensure the participation and involvement of forces for the greatest effect.

The National CSR Committee will have the overall responsibility for monitoring the implementation of the NAP-CSR and generally for the formation of policy proposals for the promotion of CSR in Cyprus, on the basis of the EU guidelines so as to achieve the objectives of the Europe 2020 Strategy. More specifically, the role of the National Committee will focus on:

- The evaluation of the application / implementation of the NAP-CSR and the assessment of the effectiveness of the measures
- The formulation of proposals for revision where needed. The final approval of the revision of strategy and policy issues will be given by the Council of Ministers.
- The safeguarding of the participation and overall coordination of all stakeholders in the formulation and implementation of the NAP-CSR.

All concerned Ministries and Departments of the Government and all social partners at the highest level will participate in the National Committee. The Committee will be chaired by the Permanent Secretary of the Planning Bureau, which will also provide secretariat services to the Committee, due to his role as National Coordinator for CSR.

The setting up of a technical committee is also foreseen, to provide assistance to the National CSR Committee in consultation with the relevant Ministries, Departments and Institutions. The Technical Committee will be chaired by the Planning Bureau, as National Coordinator for CSR issues and all relevant government departments will be involved.

7.2 Immediate actions for implementation

From the proposed measures included in the National Action Plan, ten measures were selected that can be implemented immediately at little or no cost and they will help to boost significantly the awareness and the promotion of CSR in Cyprus. These measures are the following:

⇒ 1. Informational material: Direct diffusion and dissemination of CSR informational Guide to the private and public sectors in electronic form.

⇒ 2. CSR Cyprus Network: Direct activation and enrichment of the website of the newly established CSR Cyprus Network in cooperation with the CSR Europe to promote CSR. The Network has been established as a consortium of the public sector, through the Planning Bureau, the private sector, through the Cyprus Chamber of Commerce and Industry (CCCI) and the academic sector through the Cyprus University of Technology.

⇒ 3. Websites of the relevant Authorities: The direct enrichment of all websites of the relevant public organizations, with a special section for the promotion of CSR issues

⇒ 4. Seminars: The organization of 5 educational seminars for CSR for businesses, one in every district of Cyprus that will include the following key topics:

- the importance and benefits of CSR for all businesses
- the implementation of CSR activities
- the introduction to dialogue with stakeholders
- the importance of Sustainability Reports
- the introduction to the ways of communication of CSR.

⇒ 5. Study for the promotion of accountability by semi-governmental organizations: The study of promoting accountability from semi-governmental organizations in order to publish Social Responsibility Report, which is proposed to cover up to 20 indicators according to the standards of the GRI guidelines. Organizations can choose the indicators they consider most relevant to their business activity, with the exception of certain key indicators that will be selected in consultation with the semi-governmental organizations and will be common to all. Direct enrichment and promotion of CSR will be promoted from the websites of the semi-governmental organizations.

⇒ 6. Study for the promotion of accountability by listed companies. The promotion of accountability by listed companies, in cooperation with the management of the Cyprus Stock Exchange in a pilot phase with the gradual implementation of a number of indicators as follows: 7 indicators to be covered for the year 2013, 15 indicators for the year 2014 and 20 indicators for the year 2015. The coverage of the indicators will be achieved through the submission, by listed companies, of official reports (the first at the end of 2013) and after evaluating the results, a special meeting is suggested to take place for the presentation of the results and the award these companies. Creating evaluation indicators (with reference to the new edition of the CSE Corporate Governance Code) and ranking of listed companies based on their adaptability to the principles of Corporate Governance. Provision for publication tactics of the relevant study by the media and organization of a workshop which can be combined with the one mentioned above on the indicators of CSR.

⇒ 7. Promoting CSR in the academic environment: The adoption of the initiative to promote CSR in the academic environment and the culture of the educational institutions, by sending a letter to all universities and business administration schools for the promotion of the 6 principles of United Nations Principles for Responsible Management Education (relevant information can be found in the following link <http://www.unprme.org/index.php>).

⇒ 8. Social Barometer research: The direct application of the innovative specialized strategic tool, the Social Barometer A.S.B.I (Awareness & Social Behavior Index) which was created for the systematic monitoring of trends in society with regard to issues of social awareness of citizens, NGOs and the social work of companies in the context of CSR.

⇒ 9. Organization of an Annual Conference: to promote awareness on CSR in order to present and discuss the latest trends in Sustainable Development. Participants will be informed about the most important CSR practices, enrich their knowledge with strategies involving specific actions to address potential problems and discuss the results of the initiatives, and thus making the conference one open forum for dialogue on this important issue.

⇒ 10. Promoting Best Practices and Awards: The immediate investigation to establish a working group, in cooperation with specialized agencies, organizations and representatives of organizations, to establish criteria (e.g., consistency, innovation, effectiveness or applicability of the practice in other organizations) and the collection, evaluation and selection of CSR Best Practices in Cyprus to be awarded and disclosed.