



Organisation for Economic
Co-operation and Development



Local Economic and Employment
Development Programme



OAO LUKOIL



International Association of Trade Union
Organizations of the OAO LUKOIL

CORPORATE SOCIAL RESPONSIBILITY AND LOCAL DEVELOPMENT

Conference

30 June – 1 July 2008, Trento, Italy

*Jointly organised by
OECD LEED Trento Centre for Local Development,
OAO LUKOIL,
and International Association of Trade Union Organizations of the OAO LUKOIL*

Agenda

Venue

Press Room

Autonomous Province of Trento, piazza Dante 15, Trento, Italy

The issue

In most OECD countries, corporate social responsibility (CSR) is perceived as a new way for businesses to contribute to societal goals. Increasingly, a company's commitment to sound labour and environmental practices and good community relations plays an important role not only in how it is perceived by the public but also in increasing workers' satisfaction and sense of belonging to the company. Companies engaged in CSR strategies have also a role in contributing to local development, and can become an important stakeholder and partners for local authorities.

In non OECD member countries, the notion and practices of CSR are emerging and developing. In Russia, over the last several years, the concept of corporate social responsibility, first introduced by the Russian affiliates of international corporations, has spread out and is being adopted by the business community. In 2004 the congress of the Russian Union of Industrialists and Entrepreneurs endorsed a Social Charter which defined the social mission of Russian businesses as sustainable development of independent and responsible companies, which meet the long term economic interest of business and that guarantee the social stability, safety and prosperity of citizens, environmental protection and the observance of human rights. An enterprise adhering to the Charter assumes responsibility for the quality of its services, compliance with labour rights and business ethics values, respecting the tax discipline, and minimizing the adverse environmental impacts.

Evidence shows that, in Russia, so far, there is little public opinion pressure on companies to follow ethical standards. In the same time there are several factors, all related to company's bottom line, that push companies to pay attention to CSR. A CSR strategy in place becomes important when Russian companies go international and seek to acquire assets in Western countries or to raise capital on international financial markets which exposes them to international competition and in depth examination. Whether or not a company upholds social and environmental standards can be important criteria in this context and can impact on the cost of capital and the risk premium. This was primarily the case of Russian companies in the extractive industries, but others follow the same pattern.

The other factor that stimulates companies' adherence to CSR principles is the on-going decentralisation and municipal government reform in Russia. In the last several years, the funding of government programmes has been decentralised to regional and local governments. However, the ability of the latter to fund these new obligations through additional taxation has been limited. In this context, local governments increasingly solicit large companies operating in their localities to compensate for these budget deficits and take over the delivery of some services. This is particularly the case for companies present in depressed regions where they are often seen as the main resource for funding social and economic development programmes. By clearly and proactively defining company's responsibility and contribution to local development agenda, a CSR strategy helps streamline the relationship with local administrations and play a positive role while ensuring profitability.

CSR and local development

Evidently, large enterprises can bring many local development benefits. In addition to new jobs and output, there could be multiplier effects resulting from local procurement of materials and services and local spending of wages and a series of other benefits including technology transfer, upgrading the efficiency of local suppliers, contributions to local infrastructure and improved labour force skills. However, as shows LEED research on FDI and local development in Russia, these economic development benefits often fail to realise because of the absence or inadequate quality of supplier network, shortage of skilled personnel and weak support institutions. There is a scope for co-operation between local authorities, the private sector and other local stakeholders in addressing this challenge through, for example, supply chain management, and local labour skills upgrading and skills transfer initiatives. In concrete terms, joint action can focus on entrepreneurship promotion to help in expanding the product range of the local industrial base, technology upgrading of the local firms and on improving the efficiency and quality. Large enterprises can exert their influence to ensure suppliers achieve certain standards on their environmental, social and economic performance.

Following the OECD experience, companies in Russia, in partnership with financial institutions and government can take responsibility to provide training and lifelong learning opportunities, working towards developing the skills of their employees and helping them to increase savings and build assets. Better matching of the evolving skills needs of industry with outputs of training and educational programmes can help reduce unemployment and improve social inclusion at local level. To achieve this match, business and industry have to be engaged in a long-term co-operation with local authorities and representatives of educational and training institutions.

Such initiatives started to emerge in Russia. However, there is little expertise available among local authorities, community development organisations and business themselves on how to engage in partnerships and joint initiatives aimed at supporting local development. A policy dialogue based on international best practices can help build this capacity.

The conference

The objective of this conference is to share experiences on how, through CSR strategies, public and private sector, Trade Unions and local community organisations can partner to support sustainable development at local level, with a particular focus on Russia. International best practices will be presented to nourish the debate. The conference will provide an update on the international guidelines regulating CSR, review the role of Trade Unions in promoting CSR, and will examine in detail ways to ensure sustainable development in mono-industrial cities through co-operation between the main stakeholders.

Monday, 30 June 2008

9:30 – 10:00

REGISTRATION AND OPENING REMARKS

Opening remarks

by *Sergio Arzeni*, Director for Entrepreneurship, SMEs and Local Development, OECD

by *Alexander Vasilenko*, Head of Department for Public Relations of OAO LUKOIL, Russian Federation

by *Georgy Kiradiev*, Chairman of the Council of the International Association of Trade Union Organizations of OAO LUKOIL, Russian Federation

by *Ottorino Bressanini*, Responsible Provincial Minister for Energy and Institutional Reforms, Autonomous Province of Trento, Italy

10:00 – 18:00

CORPORATE SOCIAL RESPONSIBILITY

10:00 – 11:15

KEY ISSUES

This session will set the ground for discussions by introducing the international CSR guidelines, discussing the role of governments in promoting better CSR management, debating the business case for CSR and the challenges involved in CSR reporting.

Round table discussion:

- *John Evans*, Secretary-General, Trade Union Advisory Committee to the OECD
- *Sue Bird*, Employment Strategy, CSR & Local Development Unit, DG Employment, Social Affairs & Equal Opportunities, European Commission
- *Evgeny Sidorov*, National Secretary, Federation of Independent Trade Unions of Russia (FNPR), Russian Federation
- *Anatoly Moskalenko*, Head of the Main Division of Human Resources of OAO LUKOIL, Russian Federation

Moderator: Antonella Noya, Senior Policy Analyst, Manager of the OECD LEED Forum on Social Innovations, OECD

11:15 – 11:45

Coffee break

11:45 – 13:00

CSR PRACTICE IN EUROPE AND AMERICA

The objective of this session is to review the CSR developments and trends in Europe and America. The discussion will be structured around the following comparative issues: what are the main drivers of CSR development (State, business, NGOs and local communities, local authorities ...)? CSR legal framework. Social reporting development.

CSR issues in the American context

by *Bradley K. Googins*, Executive Director, Center for Corporate Citizenship, Boston College, United States

CRS in the European context

by *Giovanni Moro*, President, FONDACA Active Citizenship Foundation, Italy

Moderator: Sergio Arzeni, Director for Entrepreneurship, SMEs and Local Development, OECD

13:00 – 14:00

Lunch break

AGENDA

14:00 – 15:30

CSR PRACTICE IN RUSSIA

The objective of this session is to review the CSR developments and challenges in Russia. The discussion will be structured around the following issues: what are the main drivers of CSR development (State, business, NGOs and local communities, local authorities ...)? CSR legal framework. Social reporting development. The session will also introduce the CSR practice in the case of mono-industrial cities in Russia.

Introduction by the moderator**Presentations by:**

- *Alexander Lotorev*, Deputy Chairman of the Council of Federation Committee on Natural Resources and Environment, Russian Federation
- *Anatoly Moskalenko*, Head of the Main Division of Human Resources of OAO LUKOIL, Russian Federation
- *Victor Abmaev*, Head of the town of Usinsk, Russian Federation

Questions/answers, reactions from the floor

Moderator: Ekaterina Travkina, Local Economic and Employment Development Programme, OECD

15:30 – 16:00

Coffee break

16:00 – 17:30

CSR PRACTICE IN RUSSIA (continued)

This session will continue to explore the CSR developments and challenges in Russia. The participants of the round table are invited to reflect on the issues raised at the previous session.

Round table discussion

- *Marco Ricceri*, Secretary General, Eurispes, Italy
- *Evgeny Sidorov*, National Secretary, Federation of Independent Trade Unions of Russia (FNPR), Russian Federation
- *Valery Prozorovsky*, Deputy Chairman, RF State Duma Committee on Natural Resources and Subsoil Use, Russian Federation
- *Nikolai Yakovlev*, Chairman of the Komi Republican Organisation of Russian Oil, Gaz and Construction Workers' Union, Russian Federation
- *Sue Bird*, Employment Strategy, CSR & Local Development Unit, DG Employment, Social Affairs & Equal Opportunities, European Commission

Moderator: Ekaterina Travkina, Local Economic and Employment Development Programme, OECD

17:30

End of day 1

19:30

Evening reception at "Castel Pergine" (a bus will be leaving from Grand Hotel Trento at 19.30)

Tuesday, 1 July 2008

9:30 – 13:30

CSR AND LOCAL DEVELOPMENT

9:30 – 11:00

KEY ISSUES

New jobs, better infrastructure, suppliers' networks upgrading, improved labour force skills – these are some of the benefits that large enterprises can bring to the localities where they operate. What are the challenges for both public and private sector in ensuring corporations support sustainable development at local level? How can companies be engaged in local development while ensuring profitability? How to build a long-term co-operation between business, local authorities and local communities?

Key note presentation

by *Nick Isles*, Director of Advocacy and Marketing at The Work Foundation, United Kingdom

Panel discussion

- *Debra Mountford*, Senior Policy Analyst, Manager of the Forum on Development Agencies and Investment Strategies, OECD
- *Simone Tani*, Province of Florence, Italy
- *Rayan Khaliullin*, Head of the town of Pokachi, Russian Federation
- *Valerio Giambersio*, Member of Evaluation and Verification Unit for Public Investments of the Basilicata Region, Presidency Department, Italy
- Private sector perspective: Eni representative

Moderator: Antonella Noya, Senior Policy Analyst, Manager of the OECD LEED Forum on Social Innovations, OECD

11:00 – 11:30

Coffee break

11:30 – 13:00

THE ROLE OF TRADE UNIONS IN PROMOTING CSR

This session will focus on the role of Trade Unions in promoting corporate social responsibility. The discussion will start with a review of the TUAC User's Guide on OECD Guidelines for Multinational Enterprises and will then be structured around the following questions: is CSR substituting for the role of governments or for collective bargaining? The dangers of private standard-setting in the social area, and the challenges associated with rating companies.

Moderator: John Evans, Secretary-General, Trade Union Advisory Committee to the OECD

Round table discussion:

Introduction by the moderator

- *Evgeny Sidorov*, National Secretary, Federation of Independent Trade Unions of Russia (FNPR), Russian Federation
- *Georgy Kiradiev*, Chairman of the Council of the International Association of Trade Union Organizations of OAO LUKOIL, Russian Federation
- *Valeriu Uncuta*, Chairman of the Trade Union of OAO LUKOIL Employees of Romania
- *Alasgar Baghirov*, Representative of the Council of the International Association of TU Organisations of OAO LUKOIL in Republic of Azerbaijan
- *Anatoly Moskalenko*, Head of the Main Division of Human Resources of OAO LUKOIL, Russian Federation

Conclusions by the moderator

AGENDA

13:00 – 13:30

CONCLUSIONS AND CLOSING REMARKS

Closing remarks

by *Sergio Arzeni*, Director for Entrepreneurship, SMEs and Local Development, OECD

by *Alexander Vasilenko*, Head of Department for Public Relations of OAO LUKOIL, Russian Federation

by *Georgy Kiradiev*, Chairman of the Council of the International Association of Trade Union Organizations of OAO LUKOIL, Russian Federation

13:30 – 14:30

Lunch break

15:00 – 17:00

INSTITUTIONAL MEETINGS

17:00

End of conference