

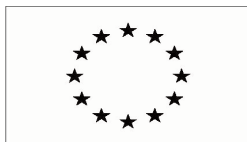
International Fact-finding Mission

> AN OVERVIEW OF
CORPORATE SOCIAL
RESPONSIBILITY
IN HUNGARY

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This report is part of a broader project - focused on Raising awareness of CSR instruments and building capacity in CSOs and Trade Unions in selected new member states - carried out by 10 partner organisations from seven EU member states: Austria, Estonia, France, Hungary, Slovakia, Slovenia and the Czech Republic. This project is led by GARDE (Global Alliance for Responsibility, Democracy and Equity), a core programme of the Environmental Law Service, a Czech non-governmental organisation.



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Preliminary Remarks

The present report neither presumes nor claims to provide an exhaustive description of the situation of corporate social responsibility (CSR) practices in Hungary. It is neither an academic nor a governmental report on this issue. Its goal is to draw up a brief assessment of CSR in Hungary based on a few interviews of various players involved.

The authors of the report would like to stress that the selection of persons, organisations and corporations that were interviewed does not constitute a representative sample. These were selected as a result of contacts established by our Hungarian partner, the Environmental Management and Law Association (EMLA), and for their direct or indirect involvement in CSR. Our study does not aim to criticise nor to highlight any of their specific failures; it seeks to draw up the most realistic picture of CSR in Hungary. None of the information collected and reported here will be used against them later, in any form. We wish to thank them for having accepted the goal of our mission and to be interviewed in that spirit, when others refused.

Our very special thanks to EMLA, in Hungary, and EPS, in the Czech Republic, for their support in organising this mission.

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Executive Summary

Corporate Social Responsibility (CSR) is relatively new in Central and Eastern Europe. Since the mid-1990s, corporations slowly began to pay more attention to their social responsibility thanks to a clearer and more solid legal framework for employment and labour, and to the stabilisation of the economy.

Despite growing knowledge and practice of CSR in Eastern Europe, there is still, in this region, a low level of awareness, limited understanding of it or its purely communication-oriented use. More generally speaking, economic and social rights are not yet fully recognised as major concerns and globalisation is not yet perceived as a challenge in these newly independent and economically liberal countries.

FIDH therefore decided to conduct a fact-finding mission in Hungary, as part of a larger programme conducted by the Czech NGO EPS, aiming to raise CSR awareness in the region and to build capacities in CSR amongst trade unions and civil-society organisations. The objectives of the mission were to document and analyse CSR implementation by national and multinational companies in Hungary. It also sought to examine the existing regulatory framework and understand the role of the various stakeholders involved in CSR.

The present document reports on the findings of the mission, conducted in July 2006, which collected analyses through interviews with a range of players: governmental or international institutions; multinational and national companies; trade unions; and human rights, environmental and consumer NGOs.

The main conclusions of the mission are as follows:

1. The concept of CSR is still new and not well-known in Hungary. Nonetheless, CSR-promotion initiatives launched by the government and business players seem to attempt to improve awareness of the concept and the importance of such policies for business players. The influence of multinational corporations and of foreign investors is clearly perceptible.

2. The corporations that adopt CSR policies are mainly concerned by their reputation and image. They wish to uphold a socially responsible image for their customers, consumers

and investors. This also explains why most CSR departments or representatives are part of the communication department of the corporation. However, this should not undermine the interest of some notable good practices in some corporations.

3. CSR policies are defined under the concept of sustainable development and cover economic, social and environmental aspects. Corporations may include in their CSR policies a specific Human Rights commitment, respect of legal obligations, as well as charity. Although the information published on CSR policies of multinationals is clearly abundant, lack of a clear definition and misuse of the concept make it difficult to get a clear picture of the efficiency of such policies. Moreover, serious work has to be done to adapt CSR policies to specifically Hungarian CSR concerns.

4. Only a few cases of alleged violations of Human Rights by corporations or CSR incidents are reported or documented. As a consequence of the lack of interest and of the deficit in means of action, civil society plays a marginal role in the CSR dynamic. CSR is thus defined by business players on a voluntary basis, and implemented and monitored by business. This self-regulation process is hardly offset by governmental action aiming to promote the concept.

5. None of the players seem to be in favour of regulating CSR, especially corporations that consider that CSR should be self-regulated. Even if it did not seem appropriate to regulate CSR in Hungary by means of hard law, the promotion of good practices and a better understanding of the concept would be welcome. In addition, a more careful and severe implementation of basic social rights is necessary and requires direct state intervention (through its judiciary, legislative and executive branches). Finally, various mechanisms intended for implementing CSR could be used, such as, but not limited to: contractual subcontractor obligation to respect CSR provisions; scrutiny of the CSR code of conduct of a corporation through the lens of prohibited misleading and false advertising; obligation to publish a social report respecting specific CSR indicators; obligation for corporations eligible for public procurement to be socially responsible; use of tax or other forms of incentive to promote CSR and encourage corporations to adopt and respect CSR policies.

1. Mission Statement and Framework

1.1 Background

Corporate Social Responsibility (CSR) is relatively new in Central and Eastern Europe. Despite growing knowledge and practice of CSR in Eastern Europe, there is still, in this region, a low level of awareness, limited understanding of it or its purely communication-oriented use. More generally speaking, economic and social rights are not yet fully recognised as major concerns and globalisation is not yet perceived as a challenge in these newly independent and economically liberal countries, except for a few large Hungarian corporations, which are multinationals themselves.

However, the high level of foreign direct investment in the region (51% of private capital in Hungary comes from foreign investment) and the recent integration of Hungary into the European Union have led the country's major CSR players to study, approach and even implement - for the big corporations - CSR standards and principles.

The present document reports on the findings of a mission conducted in July 2006 on corporate social responsibility in Hungary. This fact-finding mission is part of a larger programme aiming to raise CSR awareness in the region and to build capacities in CSR amongst trade unions and civil-society organisations in a number of selected new Member States. The programme, called GARDE, was initiated and is managed by the Czech NGO EPS (Environment Legal Services). It covers seven countries, including the Czech Republic, Slovakia and Hungary. The programme also includes the development of a data base of case studies on CSR from new Member States.

1.2 Objectives

The fact-finding mission aimed to document and analyse CSR implementation by national and multinational companies in Hungary. It also sought to examine the existing regulatory framework and understand the role of the various stakeholders involved in CSR.

1.3 Methodology

Chargés de mission

The field mission took place from 3 to 7 July 2006 and was carried out by two *chargés de mission*:

- Philippe Kalfayan, a jurist, a corporate executive and Secretary General of the FIDH;

- Ludovic Hennebel, PhD in Law, postdoctoral researcher at the Université Libre de Bruxelles - IRSIB and Executive Director of Human Rights Network International.

The concept underpinning CSR

To have a common understanding of what CSR is, we decided to stand by the current EU definition: "**A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.**"

In fact, there is not yet a single or normative definition of CSR. CSR became a buzzword in the 1990s although the trend had existed since the 1970s. It relies upon the statement that a business must not be concerned solely with its profitability and growth but also with its social and environmental impact, and that it must pay more attention to the concerns of its stakeholders (employees, shareholders, customers, suppliers, local communities, civil society). CSR extends beyond business charity; it involves in-house management and outside stakeholders. Due to this multi-dimensional perspective, the following sub-categories can be considered: the in-company dimension (human-resources management; health and safety at work; management of environmental impacts and of the natural resources used in production) and the outside dimension (local communities; business partners, suppliers and consumers; Human Rights; global environmental concerns).

Interviews

We interviewed a broad range of players, including:

- *Human Rights, environmental, and consumer NGOs*: the Environmental Management and Law Association (EMLA); the Hungarian Association for Environmentally Aware Management (KOVET-INEM Hungary); the Hungarian Civil Liberties Union (TASZ); the Association of Conscious Consumers (TVE);

- *Trade Unions*: the National Confederation of Hungarian Trade Unions (MSZOSZ) and the Association for Autonomous Trade Unions (ASZSZ);

- *Governmental or international institutions*: the Deputy State Minister, Ministry of Employment and Labour; the OECD Contact Point, Counsel at the Ministry of Economy and

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Transport; the ILO Sub-regional Office for Central and Eastern Europe;

- *Multinational and national corporations*: the Deputy General Manager of Auchan, a French privately owned retail group; the Corporate Responsibility specialist of Tesco, a British public retail group; the Chief Co-ordinator of Group Sustainability Strategy of Magyar Telecom, the Hungarian public telecommunications company affiliated to Deutsche Telekom; a consultant for Corporate Sustainability of MOL, the Hungarian public oil company; OTP Fund Management, a member of the OTP public bank group; and consultants connected to the American Chamber of Commerce in Hungary and to United Way Hungary.

Data collection

In order to identify the CSR policies of corporations in Hungary, we used a questionnaire (see Appendix) including requests for information on the profile of the corporation (legal form, turnover, type of business organisation, geographic implementation, etc.), its CSR policy in general (practical definition of CSR, CSR department, main incentives, Human Rights concerns, etc.) and their CSR tools and strategies (normative framework, implementation, transparency, compelling interests, etc.).

To some extent, the *chargés de mission* were limited in their investigation by somewhat difficult access to specific documentation. For instance, judicial decisions concerning CSR were difficult and most of the time impossible to obtain. Moreover, information is fragmented amongst all the different kinds of players, and the lack of centralisation of information and its processing is clearly an obstacle to a more overall and consistent collection of data. Even if they were able to count on the valuable help of locals to translate some of the documents, the *chargés de mission* found that the language barrier might have been an obstacle to a more in-depth analysis of certain allegations.

2. Background of CSR in Hungary

2.1 Literature on CSR in Hungary

A few reports and academic analyses have been published on the current situation of CSR in Hungary. This literature can be useful for drawing up the overall landscape of CSR in Hungary¹ and to laying down some theoretical hypotheses.

Two main reports have been published on CSR in Hungary. The *chargés de mission* took their findings into consideration to fine tune the present analysis. The first is *Corporate Social Responsibility and Working Conditions*,² published in 2003, which offers a comparison of CSR in Germany, the United Kingdom, Hungary and France, and the second is *What Does Business Think about Corporate Social Responsibility? A Comparison of Attitudes and Practices in Hungary, Poland and Slovakia*, published in 2005.³

2.2 Historical Background of CSR in Hungary

In Hungary, like in all "transition economies", interesting developments in CSR have been observed since the 1990s.⁴ In the Socialist system, "Socialist corporations", i.e. state-owned enterprises, had to comply with "paternalistic" social rules. Regardless of their turnover or of their social structures, these corporations had social and cultural facilities and policies (day-care nurseries, libraries, holiday resorts, health care, sports, cafeteria, transport, special financial aid for housing, etc.). To ensure these services and finance these facilities, all corporations were legally held to contributing financially to mandatory "social funds". In other words, the cultural and social infrastructures of corporations played a major role in the organisation and development of social and cultural services in the cities or districts where they were located and ran their economic activities. In the 1990s, many corporations sold their social and cultural infrastructures and stopped funding these social and cultural services. They were also freed from the full-employment obligation of the Socialist centralised plan system. At the same time, new rules on the social responsibility of employers were adopted to protect the workers and employees from massive down-sizing and economic streamlining. These rules aimed to offset management policies responding to the pressure of the market economy and mainly covered lay-offs (notice, compensation, retraining, collective bargaining, etc.).

The primary focus in the 1990s was on developing the free market and, as a counter-balance, on drawing up a legal

framework for human-resource policies. Corporations did not invest much in social-responsibility policies. This can be explained by the political context, the economic crises of transition economies, a negative reaction of employers to the historical excess of compulsory Socialist programmes and the lack of concern for social-responsibility programmes amongst foreign investors looking to invest in low-cost economies.

Since the mid-1990s, corporations slowly began to pay more attention to their social responsibility thanks to a clearer and more solid legal framework for employment and labour, and to the stabilisation of the economy. According to Segal, Sobczak and Triomphe, foreign long-term investors have "imported" into Hungary their CSR mechanisms, policies and model, and local Hungarian corporations have also adapted their former social model by progressively introducing a few elements of CSR.⁵ According to Fekete, the economic and social transformation that has occurred in Hungary since the 1990s has not led to shareholder capitalism: state-owned corporations were sold to a selected group of investors, not to a large public.⁶ Stock-market capitalisation is very low and most corporations are not listed. For the most part, they are small and medium-sized enterprises, usually belonging to a group with complex cross-ownership structures. These corporations are not held to publishing financial, environmental or social reports, and they lack transparency. Moreover, more than 40 of the 50 largest multinational corporations operate directly or via their affiliates and subsidiaries in Hungary. Their impact on the economic and social environment in Hungary is crucial, as they contribute to more than 50% of the gross domestic product and employ 30% of the labour force.⁷

2.3 Corruption Practices in Hungary

The focus of this report being on CSR practices in Hungarian companies, its authors have considered it necessary to highlight Hungary's rating according to corruption and ethical criteria of international organisations.

Transparency International's latest Corruption Perception Index (CPI), released in October 2005, ranks Hungary 40 with a rating of 5 (0 being the "most corrupt" index and 10 the "least corrupt").

The FIDH itself produces a more general evaluation of countries' records in the area of Human Rights for European

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Union Member States, intended to direct investment in state bonds of so-called ethical funds towards "best in class" states. FIDH evaluation is based on the EU's Charter of Fundamental Rights plus other criteria such as: criminality, corruption and money laundering, anti-terrorist legislation, the situation of Human Rights defenders, international law, government development-aid budgets, etc. Due to problems in data comparison, the FIDH defined two rankings: one for the group of the first 15 EU Member States and one for the group of the 10 new Member States. In this latter, Hungary is ranked 6, Slovenia having the best rating and Poland the worst. The Czech Republic, Latvia and Slovakia are ranked behind Hungary.

1. See, amongst others: FEKETE, L., "Social Welfare Lagging Behind Economic Growth", in *Corporate Social Responsibility Across Europe*, HABISCH, A. ET AL. (Dir.), Springer, Berlin, 2005, pp. 141-149; MAZURKIEWICZ, P., R. CROWN and V. BARTELLI, *What Does Business Think about Corporate Social Responsibility? A Comparison of Attitudes and Practices in Hungary, Poland and Slovakia, in Enabling a Better Environment for CSR in CEE Countries Project, 2005*; SEGAL, J.-P., A. SOBCZAK and C.-E. TRIOMPHE, *Corporate Social Responsibility and Working Conditions, European Foundation for the Improvement of Living and Working Conditions, 2003*; SIMPSON, S., *Corporate Social Responsibility in Central and Eastern Europe: Business Sense of Business Burden?*, International Business Leaders Forum, London, 2000.

2. SEGAL, J.-P. , A. SOBCZAK AND C.-E. TRIOMPHE, *op. cit.*

3. MAZURKIEWICZ, P. , R. CROWN and V. BARTELLI, *op. cit.* This report is based on the results of a survey conducted on 150 corporations in Hungary by TARKY, a Hungarian organisation. The report was commissioned by the World Bank and funded by the European Union. However, the World Bank does mention that it is not a World Bank report and should be attributed solely to its authors.

4. See on this question the information published in SEGAL, J.-P., A. SOBCZAK and C.-E. TRIOMPHE, *op.cit.*, pp. 62 and on.

5. *Op. cit.*, p. 68.

6. *Op. cit.*, pp. 143-144.

7. *Ibid.*, pp. 143-144.

3. CSR: The Concept and Its Understanding in Hungary

3.1 Perceptions of CSR in Hungary

Segal, Sobczak and Triomphe noted that the term "CSR" is not used by Hungarian business managers or by company documentation. This does not mean that CSR initiatives, under different terminologies, are inexistent.⁸ According to Fekete,⁹ reception of the CSR concept in Hungarian culture is difficult, in particular for language reasons:

The notion of CSR sounds a little bit mannered, even if it can be properly translated into Hungarian. Until recently, it has been used in self-centred bureaucratic and managerial discourses rather than in everyday discussions. In addition, corporate citizenship is almost totally absent from the political and economic language. If a corporate speaker uses such figurative language in public discussions, he runs the risk of perplexing his audience. Of course, it does not mean that Hungarian society and the business community are unaware of the importance of fair business conduct. They simply express their views, the demands of the community and social needs in a more familiar language and not in the fashionable mode of speech of the business ethics literature.¹⁰

For instance, the confederation of trade unions MSZOSZ quoted CSR as being relatively unknown and new in the public outside of big companies (branches of multinationals or big emerging Hungarian corporations). They also stressed the "un-clarity" of the CSR concept. Most businesses and the public consider it as charity. Tesco's representative indicated that CSR is not widespread in Hungary and the population is quite cynical about it. In conclusion, CSR is still a new and not fully understood concept for the vast majority of people and organisations. Exceptions are the staff dedicated to CSR concerns in multinationals, specialised government officials, civil-society organisations (CSOs) and consultants providing specialised services or making a business of CSR.

Hungarian business leaders link "socially responsible activities" to complying with regulations¹¹ or to philanthropic action.¹² For instance, Tesco in Hungary is mainly involved in charity, environmental protection and healthy-food campaigns. Mazurkiewicz, Crown and Bartelli also pointed out that in Hungary, Poland and Slovakia, business leaders generally understand the term CSR to mean compliance with existing regulations, behaving ethically and assuring environmental protection but do not think that CSR involves

correcting social inequalities or engaging in public relations.¹³ When they do take action in the field of CSR as defined above, they seem to focus mainly on the concept of *sustainable development*, linking economic, social and environmental responsibility. Segal, Sobczak and Triomphe mentioned the following CSR actions in Hungary: corporation investment in and organisation of social-welfare policies; respect of health and safety conditions and rules; respect and development of social dialogue in the workplace; investment in new technologies; proper management of down-sizing; organisation of continuous training and vocational training; investment in career planning within the corporation; and investment in local-community development and cultural activities.¹⁴ In conclusion, the report underscores that CSR in Hungary focuses mainly on corporations' social policies, social dialogue, support of social, cultural and environmental activities, and other actions in favour of local development.¹⁵

International Labour Organisation (ILO) representatives told us that in general, Hungarian laws are basically in keeping with ILO standards. Also, their feeling on CSR practices is that there are two kinds of confusion today in Hungary. The first is the association of CSR with charity, and the second is the understanding of CSR as the fulfilment of legal obligations. Both forms of confusion are confirmed by other sources. Moreover, in the survey commissioned by the World Bank, this interpretation of the CSR concept is widely corroborated by Hungarian companies. A vast majority of respondents (66%) link "socially responsible activities" to complying with existing regulations. This reveals a contradiction and comes as a blow to governmental and intergovernmental organisations, since the existing guidelines and instruments stress the voluntary action of multinationals in implementing CSR practices. The Hungarian Government officials we interviewed even said that too much regulation would kill CSR activities.

3.2 Players Promoting CSR in Hungary

Given the lack of understanding of the concept of CSR, some players have decided to promote it, and several initiatives have been launched in this direction, mainly by private players. The Central European University Business School, created under the impulse and with the contribution of the Soros Foundation, offers education and training in the field of CSR. It co-operates with the American Chamber of Commerce in Hungary (AMCHAM) and other business circles to raise awareness on CSR, good corporate governance and ethical

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behaviour. "AMCHAM believes that improved corporate governance would significantly enhance national competitiveness and increase the overall value of the Hungarian business sector." This declaration clearly demonstrates that CSR practices are seen mainly as a competitive advantage in business. According to AMCHAM representatives, the big US corporations have a volunteer policy, with volunteer groups to implement CSR practices. They also find it easier than Hungarian companies to open themselves up to the Roma minority. The British Chamber of Commerce, together with the British Embassy, has created a task force to promote CSR practices amongst multinationals.

Some initiatives are based on integration into regional or international CSR forums. In May 2005, several companies - Concordia Szervezetés Vezetésfejlesztési Kft., Denso Manufacturing Hungary Kft., ING Bank Rt., Lapker Magyar Lapterjeszto Rt., OTP Alapkezelő Rt., Shell Hungary Rt., Vegyész Rt. - founded the Business Council for Sustainable Development in Hungary (BCSD Hungary), a business forum, which is the Hungarian member of the regional network of the World Business Council for Sustainable Development. One of the main goals of BCSD Hungary is to show member companies and other stakeholders in Hungary how sustainable development and corporate social responsibility are to be translated into practice and to provide assistance to them for this purpose. Another of its aims is to become a forum for managers and experts committed to these principles. BCSD Hungary initiates active dialogue and common action with other business and trade organisations, the government and interested non-governmental organisations, as well as scientific and educational institutions.

The Hungarian Business Leaders Forum (HBLF) is a not-for-profit organisation and representative body of local business executives, local representatives of international joint ventures and other influential business people in Hungary. It is committed to promoting responsible business practices that benefit business and society, and to helping to achieve social, economic and environmentally sustainable development in Hungary. By the beginning of the 1990s, environmental and social issues had become more fundamental problems in a more open and competitive Hungarian economy. HBLF, established in 1992 on the personal initiative of Prince Charles of the UK, aims to respond to these issues as a partner organisation of the

Prince of Wales International Business Leaders Forum. Today, HBLF has close to 100 members: local and international companies, small and medium-sized enterprises, not-for-profit organisations and individuals. HBLF defines its mission as following: "To encourage companies to integrate corporate social responsibility and the principles of sustainable development into everyday business practice. Members of the organisation promote responsible leadership for the long-term prosperity of their businesses and the whole of society by increasing awareness of the CSR philosophy" In 2005, Tesco Hungary joined the British Embassy/British Chamber of Commerce/Hungarian Business Leaders Forum established task group, made up of multinationals.

Both governmental and intergovernmental bodies told us that consultancy firms are becoming more and more active in the business of CSR, providing consulting services to the government and multinational-company management. Big firms are strongly promoting their skills in that domain. Some independent consultants are acting within Chambers of Commerce that have decided to promote CSR. In addition, NGOs are promoting fee-based services to private corporations.

Finally, OECD Guidelines¹⁶ are promoted through three channels: the press and the Internet, trade unions and the ILO office. Government incentives issued in 2005 and 2006 have facilitated the whole promotion process and effective use of the OECD Guidelines and ILO obligations. A special e-mail-based action was conducted by the Deputy State Minister through the Investment and Trade Promotion Agency - Hungary. The three basic instruments (OECD Guidelines, EU Criminal Law Convention on Corruption and ILO Tripartite Declaration) were sent to the large companies established in Hungary to draw the attention of high-ranking company managers to the recommendations, provisions and ethical obligations stemming from these documents. Interestingly, the OECD Contact Point quotes as a major reason for this action the appearance of negative impacts of globalisation in Hungary. E-mail or traditional letters were sent to about 100 large companies and bilateral Chambers of Industry and Commerce, embassies and other organisations. The action was concentrated on the machinery industry and on retail trade, mainly hypermarkets, because the Hungarian National Contact Point (HNCP) had obtained information on wrongdoings in these sectors.

8. *Op. cit.*, p. 77.

9. *Op. cit.*, pp. 143-145.

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10. *Ibid.*, pp. 143-145. See also: TOTH, K. and J. ZEGNAL, "CSR slow to catch on in Hungary", *Budapest Business Journal*, www.bbj.hu, June 20-26, 2005.
11. MAZURKIEWICZ, P., R. CROWN and V. BARTELLI, *op. cit.*, 2005, p. 17. See also TOTH, K., P. FISCHER and A. METZINGER, "Study finds generosity among smaller local firms", *Budapest Business Journal*, www.bbj.hu, June 20-26, 2005.
12. FEKETE, L., *op.cit.*, pp. 143-145.
13. *Op. cit.*, p. 11.
14. *Op. cit.*, p. 68. The report identifies several good practices, mainly in investigating two case studies: MOL (petrochemical industry) and MATAV (telecom industry), which enjoy, according to its authors, a good reputation for their support for cultural and sports activities, and health and public institutions.
15. *Ibid.*, p. 77.
16. OECD Guidelines for Multinational Governance; OECD Guidelines for Corporate Governance.

4. Main CSR Stakeholders in Hungary

According to the survey reported by Mazurkiewicz, Crown and Bartelli, Hungarian business leaders consider as their primary stakeholders: shareholders, customers, employees and, to a much lesser degree, the government. Civil society is not considered to be a stakeholder.¹⁷ More specifically, 70% of the companies designate their shareholders, 59% their customers and 41% their employees. The little consideration for the government (aversion to the state is very common in former Communist countries), and even worse, for local communities and CSOs underscores the progress to be made by Hungarian companies for full understanding and good practice of CSR.

However, multinationals, the object of our survey, seem to adopt a broader approach to stakeholders, including customers, staff, suppliers, investors, local community, NGOs, trade unions, etc. For instance, Magyar Telecom (MATAV Group) identifies market-based stakeholders - customers, individuals, groups, organisations, companies, shareholders, management, employees, suppliers, other players of the telecom market, trade unions, employee groups - and non-market-based stakeholders - state agencies, local governments, industry and market organisations, research co-operation, local communities, the environment and Nature.

The present report has tried to identify the role played by some of the traditional CSR stakeholders in Hungary.

4.1 Role of Government and National Legal Framework

The Ministry of Employment Policy and Labour claims to be strongly committed in various fields of CSR: promotion of social cohesion; inclusion of labour-market policies; social dialogue; health and safety in the workplace; equal opportunity; etc. The Ministry of Environment and Water takes environment-related CSR initiatives. According to Fekete, "since 1990, the Hungarian governments have not made any attempts to introduce any corporate social responsibility policies towards corporations. No governmental documents have been published since then which would have explicitly brought up this concept".¹⁸

The *chargés de mission* met with the Deputy State Minister at the Ministry of Employment and Labour and the Senior Counsellor at the Ministry of Economy and Transport. Both officials are in charge of CSR practices at government level. The first is the contact point for EU DG Employment in the implementation of European recommendations and rules. The

ministry has created a task force to study, raise awareness and encourage CSR. The second is the National Contact Point of the OECD.

The government's major action in favour of CSR took place this year. It signed a strategic resolution on 23 March 2006 called "Government Resolution No. 1025 for the reinforcement of the social responsibility of employers and for measures to stimulate it". The essence of provisions are:

- The Cabinet Minister shall start a debate at the Economic and Social Council on the criteria for employer socially responsible behaviour.
- The Minister of Labour shall start negotiations at the Tripartite Council to study how stronger CSR could promote more regulated labour relationships.
- The ministers concerned shall start communication with employers and elaborate measures that acknowledge socially responsible behaviour.
- The Minister of Labour, with the involvement of related ministers, shall elaborate the criteria for employers to use a Social Label.
- The Minister of Equal Opportunities shall prepare guidelines for supporting companies in establishing "equal opportunity plans".
- The ministers concerned shall create a "Workplace Accessible to the Disabled" label.
- The Minister of Equal Opportunities shall create a label for products that are designed for disabled persons.
- The ministers concerned shall promote women and children in advertisements that avoid stereotypical formats.

Public aid and public tenders are to take into account applicant companies' record in the management of labour affairs. However, the regulation adopted is of very limited scope, as it only focuses on issues of labour relations and does not take into consideration other CSR criteria. The government adopted Resolution No. 1056/2005 (V.13.), which defines sound labour relations and the applicable procedure for implementation. In keeping with the resolution, the Ministry of Employment and Labour passed a bill on the definition and viewpoints of sound labour relations at company level. As a result, parliament approved the amendment of the 1992 Act XXXVIII on Public Finances and on the basis of the 2005 Act CLXXVII, parliament built so-called "Paragraph 15" into the 1992 Act XXXVIII on Public Finances, which came into force on 1 January 2006. Since that date, requirements of sound labour relations are to be considered in all state-supported programmes published after the mentioned date and in all individual requests submitted to

the Hungarian authorities for state aid. Applicants for state aid are to request a certificate of sound labour relations from both the Equal Treatment Authority¹⁹ and the Hungarian Labour Inspectorate²⁰ (HLI). Certificates attest to sound labour management in the company during the previous two-year period. Companies have to show a good record on criteria such as: providing all the necessary information to employee representatives when needed for meaningful negotiations on employment conditions and collective agreements; respecting the right to representation of their employees by trade unions; banning discrimination against their employees on such grounds as race, colour, gender, religion, political opinion, ethnic or social provenance. Companies fined by a court decision for having broken labour rules cannot apply for a certificate if the sentence is final. Since 1 January 2006, 150-200 applications per day for certificates of sound labour conditions have been submitted to the authorities. They have come from companies wishing to obtain state aid. In early June 2006, the number of applications jumped to approximately 400 per day.

The Law on Trade has also been amended in regard to CSR. The 2005 Act of Parliament No. 164 on Trade contains a number of provisions on CSR:

- Art. 5/3: Business leaders cannot behave with their employees in a way that infringes their personality rights, equal treatment requirements or the labour contract, or that constitutes a misuse of rights.
- Art. 7/1: Significant market force cannot be misused against suppliers.
- Art. 7/5: Companies must comply with fair trading practices and prepare self-regulating codes of ethics for these with suppliers; the code of ethics has to be prepared by 1 December 2006 and submitted to the Competition Office for approval.

The government also encourages self-regulation through professional branches. A code of ethics in the food sector was prepared by the Ministry of Agriculture and opened for discussion in October 2005 but has not yet been adopted. The retail-trade sector has already drafted its code of ethics, which was adopted by 20 small, medium-sized and large retail-trade companies on 4 July 2006.

The Hungarian National Contact Point (HNCP) is an interdepartmental government body with permanent members. If needed, the number of members can be temporarily increased by adding ministries related to the nature of the problem that has arisen. The recent permanent members of HNCP are the Ministry of Economy and Transport (MoET) and the Ministry of Finance (MoF). From the beginning of HNCP, the MoET and its legal predecessors worked as a Secretariat for the HNCP. HNCP

makes decisions on a consensual basis. The main supervisor and the person in charge of HNCP is the Deputy State Secretary of the MoET, who is responsible for International Investments and Foreign Economy and the activity and work of the Investment Promotion Agency (Investment and Trade Development Agency - Hungary). The Hungarian delegate to the OECD Investment Committee (IC) is a member of the HNCP Secretariat Staff and an advisor for OECD IC affairs within the Deputy State Secretariat. Under the umbrella of the Deputy State Secretariat, information flow is provided amongst all of the parties who have interests in the field of direct foreign investments. Keeping close touch with bilateral Chambers of Commerce and Industries, investors' associations, organisations and bodies established for arbitration of conflicts is one of the main tasks of the Deputy State Secretariat.

4.2 International Organisations

The *chargés de mission* met the ILO office in Budapest, which is a regional office for the whole of Central and Eastern Europe. The point of reference for ILO work on CSR is the Tripartite Declaration of Principles on Multinational Enterprises and Social Policy (MNE Declaration), a unique universal instrument. "The principles in the MNE Declaration are intended to guide governments, employers' and workers' organisations, and multinational enterprises in taking such measures and actions and adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress."

The ILO defines CSR as a way for enterprises to consider the impact of their operations on society, and affirm their principles and values both in their in-company methods and processes and in their interaction with other players. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to go beyond compliance with the law. In this respect, ILO action in Hungary is focusing on completing or complementing gaps in the national legislative sphere. The ILO was active in promoting the law on equal treatment (2003) and is now helping to draft amendments for the Elimination of Child Labour (under age 14), the Elimination of Forced Labour, the Prevention of Discrimination against the Roma and other minorities as well as gender and age discrimination, the Construction of Social Dialogue inside the multinationals.

4.3 Investors

Analysis of the EU-sponsored survey results shows that of the 150 companies interviewed, 59% are funded with foreign capital

(20% are Hungarian corporations with foreign capital and 39% are branches of multinationals). This degree of dependence favours a rapid development of CSR practices, at least "on paper", amongst Hungarian companies in operation, especially the ones depending on foreign capital or management.

Inside the Hungarian economy, concern for CSR by investors seems to be less present. However, it must be noted that the Budapest Stock Exchange (BSE) drafted its own governance recommendations for all publicly traded companies. But, apart from the fact that many companies are not publicly traded, the requirements approved on December 2003 are not compulsory. The implementation of practices and codes of conduct or codes of ethics is voluntary. The declaration of compliance with the recommendations is also voluntary and unilateral. The document stresses mainly the good-governance aspects. One article focuses on the relationship with stakeholders, stating: "The board of directors shall make every effort to perform its duties in a socially responsible way. This means that decisions will take into consideration the interests of employees, creditors, suppliers, the working and natural environments, and local communities, and it will consider the impact of those decisions on all stakeholders." However, the position paper of AMCHAM points out two shortcomings: while recognising great progress in dissemination of these recommendations, they state that general practices in Hungary do not yet conform to best corporate-governance standards; AMCHAM also stresses that while BSE Corporate Governance Recommendations identify Board of Director responsibilities for in-company monitoring, it is still required that a system of in-company controls is to be established, implemented and monitored by organisations under the authority of the Board and Executive Management.

The persons interviewed told us that they do not believe investors in Hungary will invest in ethical funds. However, OTP, the largest bank in Hungary, listed in the Budapest Stock Exchange (its capital belongs to private and institutional investors since the privatisation process was completed in 1995), and more specifically its "OTP responsible investment fund" branch, has been working for two years on a project aiming to launch a *regional responsible investment fund*. Two foreign banking institutions will participate in this fund: the European Bank for Reconstruction and Development (EBRD) and UBS Asset Management (a branch of the Swiss UBS group). Its representative insisted on the qualification given to that fund: *responsible versus social or ethical*. The distinction between responsibility and ethics is arguable. The above-mentioned AMCHAM position brief reports that "Corporate Governance encourages and is an aspect of broader CSR. A broad definition suggests that CSR is reliant on basic ethics in

corporate decision making and activity". The target of the fund is to ensure long-term investment. Although the chargés de mission did not get in-depth information about the selection criteria and rating methods, they were told that the fund management intends to perform an in-house analysis and rating of equities, which is also arguably in regard of the fairness principle.

4.4 Trade Unions

There are six big trade-union confederations in Hungary. The mission met with the National Association of Hungarian Trade Unions (MSZOSZ) and the Autonomous Trade Union Confederation (ASZSZ). It also contacted LIGA (Democratic League of Independent Trade Unions) afterwards, due to their involvement in one case, described further (the so-called "Suzuki case"). The other organisations are the Forum for the Co-operation of Trade Unions - SZEF (Szakszervezetek Egyttmukodesi Forum), the Confederation of Unions of Professionals - ESZT (Értelmiségi Szakszervezeti Tömörülés) and the National Federation of Workers' Councils - MOSZ.

It seems that the influence of Hungarian trade unions in society is rather limited, although they claim a large number of members (420,000 individual members through 36 unions at MSZOSZ, the largest confederation, and 150,000 members at ASZSZ, the third largest).²¹ It is interesting to note that neither of the two confederations showed any critical attitude or told of any serious problem in Hungary. Neither spontaneously mentions one of the best-known conflicts, which occurred at Suzuki, a Japanese car manufacturer established in Hungary, when it prevented LIGA, another trade union, from forming a branch to represent employees on the company's premises (see the Suzuki case study). Moreover, while MSZOSZ is knowledgeable of CSR, ASZSZ is not at all. This latter claimed to not have been invited to attend specific official training on this subject, whereas the OECD National Contact Point on CSR claims that one of the three promotional channels for CSR are the trade unions.

MSZOSZ seems to be quite active in consultation with public institutions (especially the OECD National Contact Point and the ILO office) and in co-operation with big companies. It claims to have provided advice and training at Magyar Telecom (incumbent telecommunications service provider) and MOL (oil company), two of the big national corporations.

MSZOSZ mentioned the impact of multinationals in CSR practices in Hungary, whether negative (Suzuki, a Japanese car manufacturer) or positive (Electrolux, a Swedish electronic-appliances manufacturer, and Bunge, a leading European

agribusiness and food company with integrated operations worldwide).

The main concern of MSZOSZ is the impact of CSR on international labour rights and on the traditional role of trade unions. They do not wish to see CSR as a substitute, but rather as a complement to those rights and as an additional action field for them. MSZOSZ is preoccupied by the future of trade unions' privileged roles, such as in collective bargaining, wage settlements and increases, and labour legislation. The ILO representative's argument to counter these concerns is fairly reassuring. The ILO sees CSR as a means to go beyond the minimum standards set by labour laws. According to the ILO representative, trade unions are considering drafting a "Social Label" for corporations.

Different trade unions exist per sector and can adopt their own strategy of defence and promotion of CSR. As an example, the employees of MOL are represented by the Chemical Trade Union, by the Oil Industry Trade Union and by the Mining Trade Union, acting within a Workers' Council, a Council of Ethics, a special MOL call centre, and a European Workers' Council. Auchan, which employs more than 5,000 people in Hungary, has established a joint Workers' Council at corporate level and trade unions are present in some of the stores, with MSZOSZ as the main union.

4.5. Non-governmental Organisations

The mission met and interviewed three categories of NGOs:

- Environmental NGOs: they are the most highly involved in CSR, although not covering its full scope.
- A Human Rights NGO: we met only one (TASZ), very active in a few limited areas in which it specialises.
- A consumers defence NGO: we met only one (TVE), mainly focused on good governance. This category is not very developed in the country.

Overall, the NGO community in Hungary has undergone significant changes in the past 15 years. It is headed by new and young generations of executives. Environmental protection and consumer defence are in fact quite new domains for the country. Human Rights are a different issue: the organisations that existed and fought during the Eastern Bloc era have disappeared and are slowly being replaced by new organisations based on Western models and of course, a new generation of activists.

There is no NGO covering the whole spectrum of CSR issues. This is the reason for our insistence on the importance of defining the concept and the scope of CSR. Our approach also

stresses the complementary roles of NGOs. It is worth noting that our mission detected a confusion of activities and roles amongst the NGOs acting in one or more CSR issues.

The same EU-sponsored survey on CSR attitudes and practices in Hungary shows that CSOs, which include NGOs and trade unions, are not identified as main stakeholders (only 3% of the respondents recognise them as stakeholders, but public companies believe more than others in the role of CSOs). However, the role of CSOs is perceived as important (38% of respondents) in helping corporations to implement CSR practices. Also, 54% of the companies believe that sharing information, discussing, collaborating and negotiating with CSOs would help them make CSR practices more relevant.

This points to the contradiction of the above results: CSOs are not recognised as stakeholders, but they are considered as organisations with which to maintain dialogue in order to secure their help in implementing appropriate CSR practices. This contradiction may find its roots in the nature of the activities run by NGOs. The very role of NGOs in society is at stake here. It is known that NGOs, among others, in the emerging countries have become a way to create and maintain jobs and income. To their traditional role of warning, denouncing, informing and defending against violations has been added a consulting role in the area of CSR activities. This is a general trend and also a reality in Western countries. It gives rise to a serious management problem as far as objectivity and independence are concerned.

This issue is understandably a sensitive one, considering that CSR is, as illustrated by the present report, usually managed by Communication and PR departments at the executive level of big corporations. Several examples show a flagrant conflict of interest, which partly explains why corporations consider CSOs as partners rather than stakeholders in CSR perception and practices. KÖVET, for instance, introduces itself both as a not-for-profit/non-governmental organisation and as a professional organisation providing support to small and large businesses on the way to sustainable development. According to it, 20% of its budget depends on membership fees paid by about 80 corporations. It also states in its brochure that it is "a green NGO seeking solutions instead of conflicts". This pragmatic approach is not to be blamed, since all existing regulations and guidelines on the behaviour of multinational corporations insist on the voluntary aspect of initiatives to implement CSR practices. Corporations can only be sued when they break national laws. KÖVET has also launched a new initiative: the "sustainability ranking of organisations". How can the neutrality and fairness of such a ranking be assessed when some of the rated companies are members of the organisation? Our view does not necessarily

imply that the ratings of KÖVET are not objective, but we do believe that this may call for raising a virtual conflict of interest. Another NGO, EMLA, although positioned in a different range of activities, also offers a questionable mix of missions. The organisation's work with the business community is fee-based. It revises contracts for environmental managers, reviews environmental compliance manuals, instructs and teaches at company-sponsored seminars, and carries out studies on company environmental, and health and safety policies. The income earned from this portion of their activities is used to finance their legal-aid programme and operational costs. The legal-aid programme provides pro bono legal assistance to community groups and individuals with an environmental issue of public interest. Some cases are taken to court and occasionally all the way to the Supreme Court. In other words, part of the organisation's income is generated by potentially opponent parties in court.

TASZ, a Human Rights NGO, set up on the model of the American Civil Liberties Union (ACLU), is mainly involved in the defence of civil and political rights and liberties. They consider that CSR has been "hijacked by big corporation interests and used as a marketing and public relations tool". Therefore, they claim not to be involved in that area. However, they play a watchdog role and provide legal-aid services when individual fundamental freedom is jeopardised and/or violated due to the behaviour of private or public corporations. One such case is described in case section below (restriction of the freedom of information in the case of leakage at a nuclear power plant). TASZ mentioned other cases, although they were not able to investigate further because the victims decided not to open law suits. These cases include the alleged violation of the individual right to privacy in the case of

PANNON (a mobile phone operator, affiliated to the VODAFONE group) performing remote surveillance of its employees through their mobile handsets and the alleged violation of anti-discrimination laws in the case of a US oil company that imposed urine-testing on an employee.

4.6 Consumers

According to several interviewees, it does not seem that Hungarian consumers might be influenced in their choice of products or services by knowledge of a corporation's respect of certain values. In other words, there does not seem to be a market for labelled products or services. This can be mainly explained by the level of the local economy: most consumers' priorities are focused on price consideration. This does not mean that consumers are not at all interested in CSR issues or Human Rights violations. All-out efforts, however, such as boycotting or labelling products, seem difficult to organise effectively for concrete results. Moreover, a consumers' association concerns may be much broader than CSR. For instance, TVE, an association of "conscious consumers", which was recently funded, concentrates its activities not only on consumer and environmental protection but also on good governance. Amongst the actions it mentioned, one illustrates the overlapping or complementary activities of the players in the CSR field: a protest organised by TVE against the Danone company in Hungary, which intended to close down a factory manufacturing a traditional, Hungarian sweet. Was the protest aimed at protecting jobs or at preserving the authenticity of this traditional confectionery for the sake of consumers, or are both assumptions true? The intention is not clear, but the latter option is likely to be the right one.

17. *Op. cit.*, p. 17.

18. *Op. cit.*, pp. 143-147.

19. The Equal Treatment Authority was established by the 2003 Act CXXV on equal treatment and promotion of equal opportunities as set in Government Decree No 362/2004 (XII. 26.). The Authority started its work on 1 February 2005. It is an independent organisation set up by the Hungarian Government to receive and deal with individual and public complaints of unfair treatment, and to implement the principles of equality and non-discrimination. The Authority works under the direction of the government and is supervised by the Minister for Youth, Family and Social Affairs and Equal Opportunities. However, neither the government nor the ministry may instruct the Authority when it performs its tasks under the Equal Treatment Act. This provision is intended to guarantee the Authority's independence from the government.

20. The Hungarian Labour Inspectorate is an independent national authority under the supervision of the Minister of Employment and Labour, and was set up in 1984 to carry out occupational-safety governance tasks and define official occupational safety tasks; its regional authorities are the Occupational Safety and Labour Inspectorates. Its legal status, responsibilities and powers are determined in the 1993 Act CXIII on labour safety (LSA) and in the 1996 Act LXXV on labour inspection. The Hungarian Labour Inspectorate acts through occupational safety and labour inspectors and directors who are working in the general competent centre and the county (capital) competent regional authorities (inspectorates).

21. In the survey carried out by TARKY, a Hungarian organisation, trade unions are integrated into the CSO (Civil Society Organisations) category. It is therefore difficult to interpret the results of the study only for trade unions.

5. CSR Strategies and Tools in Hungary

CSR strategies and tools used by corporations operating in Hungary need to be identified. The strategies concern mainly what CSR policies are aimed at and are directly linked to incentives. Tools cover all the CSR framing instruments generally used by corporations in Hungary. The present report only refers to four of the companies that accepted to be interviewed by the *chargés de mission*: Auchan, Tesco, MOL and Magyar Telecom. All these groups have integrated "sustainability" or "responsibility" assignments into their communication and PR departments at executive level. This shows the sensitivity of the issue and the level of authority at which it is considered.

5.1 Codes and Charters

Most corporations publish their CSR policies on their Web site and in various reports. Some summarise their policies into one or several codes. These codes, called "codes of conduct" or "codes of ethics" can cover the whole of the corporation's CSR policies or specific issues. A corporation may adopt its own code and/or a common business-sector or industry-specific code. According to the survey reported by Mazurkiewicz, Crown and Bartelli,²² 60% of Hungarian corporations have drafted codes. All the corporations interviewed stated to have adopted and published codes defining or related to their CSR. Some corporations use the codes mainly to define in-house and ethical rules to be complied with by the staff. For instance, the Code of Ethics at Magyar "sums up the exemplary attitudes and ethical principles that each and every employee, officer and director has to apply, regardless of the number of years they have spent working for the group, their job position or other condition of employment".

A more careful study of the codes or CSR standards of these corporations brings to light three interesting findings concerning (i) the adoption and provenance of the codes, (ii) their content and (iii) their scope.

First, it appears that the corporations interviewed that are subsidiaries of a parent company, had to respect the latter's main CSR codes and CSR policies in general. For instance, Auchan's vision for CSR is provided by the group's headquarters in France. The company's philosophy for its operations abroad is "citizenship" and decentralisation. Each store has to behave as a "citizen" in its direct environment: local community or regional authority. Its definition of

stakeholders includes consumers, employees, suppliers, market competitors and society at large. Tesco Group Plc has also adopted a complete set of charters covering all areas of CSR, which have to be respected by all subsidiaries, including those in Hungary. These codes or charters define the Tesco's global CSR commitments and cover the common concerns of all shops and branches, for instance: reduction of the environmental impact of their business, treatment of consumers or of suppliers, job-creation policies, commitment to support good causes. The general CSR policy of the parent corporation includes Human Rights provisions. In its document, "Human Rights policy", Tesco claims to be committed to upholding basic Human Rights and supporting the Universal Declaration of Human Rights, as well as the core conventions of the ILO prohibiting excessive working hours and protecting fair wages, freedom of association, a safe working environment, fair and honest treatment of employees, etc. Although Tesco acknowledges that the CSR approach varies depending on the country, the Tesco representative admitted during the interview that no specific code of conduct had been adapted and adopted for Tesco shops in Hungary. This means that the codes or charters applicable in Hungary are those of the parent company. It does not imply, however, that specific CSR codification initiatives are totally absent in Hungary. Thus, Auchan is one of the first 20 companies that signed on 4 July 2006 a code of ethics defined by and specific to the Hungarian retail-trade sector in presence of the local government authority. The Tesco representative met by the *chargés de mission* was not aware of the existence of this code of ethics specific to its branch. This code recalls the principles of free competition, focus on the consumer, and the obligation to respect legal regulations. The Code provides that the signatories must respect the principle of non-discrimination, some basic ecological and product quality requirements and draws some ethical limitations to the advertising. The content of the Code is rather weak and ungenerous. However the initiative remains interesting for two reasons. First, it shows the interest of some Hungarian businesses, with the support of public authorities, to define ethical rules applicable to a specific sector of industry. Second, the code provides a mechanism of control: an ethical committee deals with complaints lodged against a signatory for unethical behaviour. The 20 members of the committee are delegated by the signatories - and four of them by trade-unions - for a one-year mandate and must be, according to the rules, independent. The Committee - or the signatory denounced in the complaint

- may decide to publish its final decision or position if the signatory does not agree or does not accept the position of the Committee or the terms of a settlement. It is clear that the future of this kind of code in Hungary will depend on the development of the case-law of the organ of control.

Second, the content of the applicable codes and standards is quite broad and corresponds to classic CSR standards. Since the source of the codes and the definition of CSR policies seem to be strongly influenced by the parent corporation or by foreign business partners, Hungarian CSR policies do not appear to be specific. In Hungary, Tesco's CSR policy, for instance, focuses on four main classic issues: customers, the environment, social concerns and the economy. Tesco's initiatives in Hungary, carefully planned in consultation with the parent company, deal with: recycling; local sourcing; employee training; charity donations; refrigerant use and energy efficiency; supply-chain labour standards; centralised distribution (less lorries on the road); a Tesco for Nature programme (selected waste collection in stores, paper bags, bags for life, leaflets printed on recycled paper, battery collection containers in stores, energy saving); nutrition programmes; emergency donations; Red Cross support; working conditions, benefits, career moves, etc., as well as low prices, price cuts, new stores, new petrol stations and new jobs. Overall, the corporations interviewed hardly mentioned Hungary-specific CSR initiatives. Hungarian corporations that are not subsidiaries, such as MOL or Magyar for instance, also use classic CSR standards. MOL points out in its sustainable-development report that it recognises and respects Human Rights as defined in international declarations and that it has integrated their principles into MOL corporate values and policies. In addition, it underscores that freedom of association and collective bargaining are guaranteed by national legislation. Ensuring equal opportunities and a discrimination-free approach are key focuses of the Human Resource Strategy of the Matav group (Magyar Telecom's parent group). Amongst the nine basic elements of the SA 8000 standard, Matav gives special attention to non-discrimination. Other issues (child labour, forced labour, health and safety, free association and collective bargaining, disciplinary practice, working hours and compensation) are either regulated in the collective labour agreement or by Hungarian law or regulations. Magyar's CSR policy is based on the three classic pillars of sustainability reports: social concerns, the environment and the economy (creating a competitive advantage for the company). No bad record was reported to us during the interviews. Magyar Telecom's dominant shareholder is Deutsche Telekom, which helps to speed up Magyar Telecom's alignment of its CSR practices

with its counterpart corporations in Western Europe. Auchan Hungary has built its sustainable activities on the basis of 10 Global Compact²³ principles - like Auchan France - and 17 indicators were established in 2003 to ensure continuous and fair monitoring and reporting.

Third, the corporations interviewed claim it is crucial to them that their codes - or more generally their CSR policies - are respected by their suppliers and subcontractors. This means that they may include special provisions in their contracts, imposing on their subcontractors to respect their codes or specific CSR commitments. Although most of the corporations interviewed claimed to use this contractual mechanism, this information could not be documented. MOL has drafted and implements an in-house code of ethics, which it claims to attach to all contracts. It was reported to us during some of the interviews that the working time of subcontractors' staff at Tesco was a sensitive issue: cleaning teams were purported to be subjected to 12-hour work days. This allegation could not be verified.

Some of the parent corporations have a general policy for overseeing CSR policies of the "entire" supply chain. For instance, in its 2006 report, Tesco mentions its commitment to ethical trading, mentioning, amongst others, that it monitors and assesses risks within the supply chain, trains its commercial staff on supply-chain labour standards and trains high-risk brand suppliers. Moreover, Tesco uses SEDEX, Suppliers Ethical Data Exchange, which makes it possible for companies to maintain and share data on labour practices in the supply chain.

5.2. Implementing and overseeing CSR

Adopting a code of conduct is not enough. To have an effective CSR policy, corporations need management systems to help them to implement their CSR policies and monitoring mechanisms to verify that their CSR policies are respected.

Bodies, structures and controls

Several bodies within the corporation are in charge of defining and/or implementing CSR policies. Nonetheless, CSR staff can be insignificant. For instance, Tesco-Hungary employs 17,000 people, but only one person deals with CSR and is part of the PR team. In most corporations, the public-relations or human-resources department are in charge of defining the CSR policies. At MOL, CSR is incorporated into the Corporate Communications department. A network of high-level in-company correspondents has been built amongst most of the

different MOL sites. There is also an Ethical Committee headed by an outside consultant. MOL's representative mentioned that CSR is considered a marketing and communication issue. In addition, in most of the corporations, in-house bodies are set up to oversee compliance with CSR policies. For instance, MOL's employees who feel that their rights have been violated may appeal to the Ethics Board, workers councils or trade unions. All employees can receive legal aid from a labour lawyer provided by the trade unions. Of the companies visited, Magyar Telecom is where the sustainability policy seems to be the most sophisticated. We also noted, however, some complexity in what was described to us: there exists a code of conduct, which rules the company's behaviour, and a code of ethics, related to employees' behaviour. The code of conduct is monitored and managed by the Group Sustainability Strategy department, which depends on Communication and PR management, while the code of ethics is monitored and managed by Human Resources management. Magyar Telecom's sustainability policy is based on Global Compact principles and the indicators are Global Reporting Initiatives (GRI) compliant. The department is made up of six people. We were told that a network of Contact Points had been built throughout the company branches and facilities, as well as subsidiaries abroad (Magyar Telecom acquired telecommunication companies in Macedonia and Montenegro). However, so far no training is being provided to these Contact Points.

Overall, the corporations interviewed seem also to attach importance to corporate governance. MOL, for instance, has a Board of Directors comprising eleven members, an Executive Board comprising six directors, and a Supervisory Board. The latter comprises nine members responsible for monitoring and supervising the management body of the company on behalf of the shareholders; three members of the Supervisory Board are elected as employee representatives, and the other six are appointed by the shareholders. Magyar mentions its corporate governance policy in its sustainability report, stating: "Public companies are increasingly expected to clearly state their corporate-governance principles and to what extent such principles are implemented. As a company listed on both the Budapest Stock Exchange and the New York Stock Exchange, we are highly committed to match these expectations and to meet legal and stock-exchange requirements. The company has its own code of responsible corporate governance, the elements of which are the Articles of Association and the Rules of Procedure of the Board of Directors, and the Rules of Procedure of the Supervisory Board."

Reporting

The four companies interviewed publish quite impressive and solid corporate sustainable reports: Magyar Telecom's "Annual Sustainability Report", "Auchan, Responsible Corporation", Tesco's "Corporate Responsibility Report", and MOL's "Sustainable Development Report". These reports seem to meet transparency and comparability requirements.

Corporations seem to adopt GRI as a reference framework. For instance, Magyar Telecom, using GRI indicators as a reference, reports on the following: the environment; employment; labour-management relations; health and safety; training and education; diversity and opportunity; non-discrimination; freedom of association and collective bargaining; child labour; forced and compulsory labour; bribery and corruption; privacy; customers. Magyar's sustainability report contains financial, social and environmental data. The corporations interviewed claim that their reports are verified and assessed by outside independent bodies. For instance, Magyar's latest report was checked by the consulting firm Deloitte against the Global Reporting Initiative Sustainability reporting guidelines. Most of these corporations publish general reports covering their overall activities, making a clear distinction amongst the countries in which they operate.

Management mechanisms

Little information could be gathered during the interviews on CSR management mechanisms. Most of the interviewees seem to have little or no idea as to the kind of socially responsible management mechanisms, in the broad sense (such as quality-management standards, environmental standards, etc.), that corporations could use, and most of them seem to be unfamiliar with the mechanisms of technical standards such as SA 8000. There was not mention of any specific national initiative related to management mechanisms or to any specific technical standards.

If technical standards (such as SA 8000 or AA 1000) do not seem to be commonly used, Magyar Telecom uses ISO standards such as 9001-2000 and 14001-1996. Moreover, the corporations interviewed have adopted specific management systems and other tools. For instance, Tesco uses a "Steering Wheel" management system, which is designed to bring together the work in every area and measure performance. It helps to balance corporation management by covering everything they do and allows the company to plan for the future by setting targets for years to

come. The Steering Wheel guides them through the daily operation of the company, while allowing them to change direction to meet customer demands.

5.3 Incentives

In practice, the existence of national or international business networks may lead to the adoption of common CSR initiatives or to the uniformity of CSR standards. For instance, Magyar Telecom is a member of the European Telecommunications Network Operators' Association, whose charter has been signed by 18 major telecommunications companies. It establishes a common code of conduct based on the Global Compact principles. In the case of the retail sector, there has been a joint business initiative at national level to establish a professional code of ethics. It was signed by the first 20 corporations on 4 July 2006 at local government level (Pest County).

The main CSR incentive in Hungary is the image and reputation of the corporation. For instance, the main approach in Magyar's CSR issues is through the general concept of sustainable development. Under the concept of "corporate social contributions strategy", Magyar mentions sponsoring, institutional patronage and cash donations. CSR includes social, economic and environmental aspects and is seen as a dynamic process (through "management systems" and other dynamic initiatives). Sometimes, as mentioned above, foreign investors may influence CSR policies of corporations operating in Hungary. The main incentive for Magyar's CSR policy, which seems to be reputation, is clearly and directly influenced by the main owner: Deutsche Telekom. The fact that Tesco is currently listed in the FTSE4Good and Ethibel indices for ethical and socially responsible investment may also considerably influence the CSR behaviour of all Tesco stores and branches.

22. *Op cit.*

23. United Nations Global Compact.

6. Cases of Alleged Corporate Human Rights Violations in Hungary

CSR practices should not lead to divert attention from instances where, in violation of their legal obligations, corporations have violated the rights of their employees, those of the environment, or other legal rules. We therefore believe it important - in order to put in perspective the report on CSR practices in Hungary - to highlight certain specific instances where corporate conduct was clearly either illegal, or possibly in violation of existing legal standards, in this country.

As seen above, Hungarian business leaders tend to adopt a narrow conception of issues covered by CSR and still have limited strategies and tools to promote and implement their social responsibility. It is clear, however, that a socially responsible corporation must respect the legal obligations covering, amongst others, Human Rights, and social and environmental aspects. A few cases of allegations of Human Rights violations by corporations have been reported. The *chargés de mission* were mostly surprised by the small number of cases reported during the interviews. For instance, only one case has emerged and been submitted since the implementation of OECD Guidelines. On 20 April 2006, HNCPC received a request from a Hungarian lawyer. The case is presented further on. Some general cases in the area of Human Rights violations or CSR issues could not be documented. For instance, Tesco was the subject of bad press regarding employment of the Roma minority. Nonetheless, no specific information could be found to support this.

Absence of cases does not mean that the legal framework is satisfactory. Generally speaking, according to the ILO office, national legislation is deficient in the following areas: elimination of child labour (up to age 14); elimination of forced labour; prevention of discrimination, mainly against the Roma and other minorities but also gender and age discrimination. Gender- and age-discrimination issues were mentioned as major issues by the trade-union confederation ASZSZ. While social dialogue is an accepted issue in the multinationals, the Roma issue seems to be taboo throughout the spectrum of Hungarian corporations.²⁴

Some allegations of violation of human rights or bad CSR practices could not be verified or documented by the authors of this report. For instance, AMCHAM alleged that Tesco was fined for false advertising on prices. The authors of the report were informed of a controversy raised about Auchan in

Hungary, due to the CAAG (Clean Air Action Group), an environmental NGO, which wrote an article in the press where they implied that Auchan might have resorted to bribery to get "green field" lands in the suburbs of Budapest for the construction of a mega store. Auchan representatives addressed the controversy with us and Hungarian justice has already rendered a court decision against the allegations of CAAG and condemned that NGO.²⁵

6.1 Suzuki and Violations of the Freedom of Association and the Right to Representation by a Trade Union

Suzuki, a Japanese car manufacturer, has been established in Hungary for at least 13 years, and is being quite widely criticised by many of its stakeholders, primary employees, trade unions, and the government. Breaking the labour laws seems to be familiar to Hungarian Suzuki Corporation (MSRt). The company has been investigated five times and was found guilty of law violation in every instance. MSRt was also fined by the Esztergom County Tax administration when in the late 1990s, the local government wanted to tax Suzuki trading on the basis of the total production price, while the company deemed the tax should only be collected on the price exclusive of the suppliers' cost. After litigation, the case ended in an amicable settlement, according to which Suzuki had to pay a fixed amount - HUF 400 million²⁶ - independent of the volume of production.

Suzuki was also involved in a major case regarding the violation of the freedom of association and the right to representation by a trade union. Mr. Zsolt Parma had been employed since 1993 at the Suzuki factory in Esztergom, working as a foreman. He had come to the conclusion that it was impossible to obtain changes in the working conditions at MSRt without outside support. He therefore started thinking of setting up a union. LIGA (Democratic Liga of Independent Unions) was approached and there was a demonstration in front of MSRt in December 2005. A week later, Mr. Parma joined the Metal Industry Union (LVFSZ), a member of LIGA. He became the trade-union representative at MSRt. After that, he started his activities for organising the union in the company and disseminating information in the workers' rest rooms. Management prohibited this. Then, started a series of sanctions, such as shift transfer, e-mail box deleting, written notices to meet with superiors, etc. In parallel, 68 people had joined the union in Suzuki. To hold an assembly, the members

asked company management to provide a meeting room on 13 January 2006 and disclosed their intentions. MSRT denied the request and contested the right to representation by a trade union. The assembly took place outside the factory in a rented bus, but this did not prevent the factory security guards to come and disturb the meeting. A new organisation was formed: the Independent Union of Car Manufacturers in Eztergom (EGFSZ), and Mr. Zsolt Parma became its chairman. One of its first actions was to take part in the vote to elect labour-safety representatives in the company, a legal requirement for the company. EGFSZ was denied the right to introduce its own candidates, since they were not recognised by management. LIGA and LVFSZ chairmen proposed a conciliation meeting with MSRT management, which dismissed this request. This was followed by personal and illegal harassment that led to the lay-off of Mr. Zsolt Parma by extraordinary notice. The trigger was his interview on the case on TV channels.

A complaint was filed at the Tatabánya Labour Court to overrule the notice. The Labour Mediator and Arbitration Service of the Ministry of Labour offered help, but MSRT rejected mediation. As a result, the Prime Minister did not take part in the exhibition ceremony of a new car at MSRT. Janos Koka, the Minister of Economy and Transport, offered mediation help as well. A meeting took place on the premises of LIGA, but no firm commitment came out of this meeting. MSRT even requested that the Tatabánya Labour Court should declare EGFSZ illegal at MSRT. The Labour Court ruled that the workers were entitled to representation by a trade union at MSRT and that current conditions broke the law. The Court obliged MSRT to provide a room for the union and to give unionists free access in the factory area. MSRT appealed this decision and sued Mr. Zsolt Parma for libel at the City Council in Esztergom. The Court of Appeals adopted its decision, stating that MSRT was not liable for providing premises inside the factory complex for trade-union operations. Moreover, eight executives of the EGFSZ trade union could no longer exercise their function. Two resigned, one stepped aside, one was prevented from working, one was laid off and three are on trial.

6.2. Visteon and Alleged Violation of Health and Safety Measures in the Workplace

Visteon is an international and renowned car-parts manufacturer for the automobile industry. The case dates back to March 2002. The company is 100% funded by foreign capital.

Mr. I. H., a Hungarian citizen, had been working for Visteon Hungary Ltd. since July 1996. At the time of the incident, Mr.

I. H. was working on the production line of compressors. The corresponding production engineer of the factory had instructed workers, including Mr. I. H., to remove the Teflon layer from certain car parts by using a solvent.

A certain type of rubber gloves was provided by the company as personal protection equipment for this task. However, the gloves were soon decomposed by the solvent. Another type of glove was then provided, but the same thing happened. It occurred again with a third type of gloves, which were not able to resist the solvent for more than 30 minutes. On the third try, the gloves worn by Mr. I. H. were so damaged, that the solvent reached the skin surface of the worker's hands and caused burns requiring medical treatment. The injury lasted days after the incident.

It was later revealed that the company was aware of the criticality of the safety data sheet of the solvent concerned, and that it required the use of a specific type of protective gloves. However, none of the three types of gloves used in the process completely matched the safety data sheet requirements.

Mr. I. H. continued to work for Visteon Ltd. until July 19, 2004, when his employment contract was unilaterally terminated by the employer. Mr. I. H. considered the motivation for terminating the contract as misleading.

On 20 April 2006, a Hungarian lawyer filed a request before the HNCP (Hungarian National Contact Point of OECD) on behalf of Mr. I.H.. According to the lawyer's views, the company infringed Article 4. b), Chapter IV (Employment and Industrial Relations) of the OECD Guidelines. However, the case (a particular operation in the technological process) that caused health injury had taken place between 12 and 16 March 2002 and after this period, the employee never again carried out a similar operation. In addition, in April 2003, the company publicly reported technological modifications and a press release on small-scale down-sizing related to the fabrication of the product family was published. The manufacturing of one product was ended and transferred to India. The company gave the employee notice on July 2004 in reference to this production restructuring. Mr. I.H. thereafter started legal proceedings against the company through the Labour Court. This Court has not yet taken a decision. Mr. I.H. reported a similar case to the Fejér County Public Prosecutor's Office in March 2005. In this latter case, an inquiry was set up. The investigation ended on 11 January 2006, but the employee intended to continue the case as a private action (civil lawsuit). For the moment, HNCP has no information on further steps taken by this other employee to continue his legal action. In order to clarify the confusing situation and the reasons for delays between the actions carried out by Mr. I.H., additional information and proof was requested by the HNCP

by the lawyer on 8 May 2006. The HNCP registered the proof submitted (documents) on 26 May 2006. After studying the proof and evaluating the information, the HNCP started a procedure on 12 June 2006. A letter was sent to the Managing Director of Visteon Hungary Ltd to obtain more details and his own views on attached official documents. On 27 June 2006, further information was requested from the lawyer on potential parallel proceedings, be they civil or penal. The lawyer had indeed lodged a penal complaint against the company, but the Court rejected the complaint for procedural reasons: there were some missing data. Since then, they have been completed by the lawyer and his client.

6.3 Paks Nuclear Plant and Alleged Violation of the Right to Information

This case is still pending in the courts and is being treated through TASZ (Hungarian Civil Liberties Union), a Human Rights NGO, which provides legal-aid services.

The background is as follows: Paks Nuclear Power Plant underwent a serious technical incident on 10 April 2003. During the breakdown, the heating components were damaged and had to be removed. The civil society, represented by NGOs, tried to get insight information and documentation on the breakdown and its recovery, but were refused access to the data. This has led to two law suits.

In the first law suit, Energia Klub, an NGO represented by TASZ, filed an action against the National Atomic Energy Agency's Nuclear Safety Directorate (NAEA-NSD) for non-disclosure of data of public interest. It claimed that NAEA-NSD withheld documentation on the details of the damage-reduction process. As a consequence, the public did not have at its disposal the necessary information to obtain expert opinions and risk assessment with respect to the removal of the damaged parts of the heating system.

Energia Klub is an environmental NGO and was interested in seeing the documentation related to the actual damage-restoration work (e.g., the harmed heating elements had not been removed as they should have been), and especially in checking the calculations and measurements according to which the NAEA decided that the removal of the fuel cells did not pose unacceptable levels of risk and authorised the discharge of the fuel cells.

The first hearing took place at the Metropolitan Court on 14 September 2005. Paks Power Plant, which joined the NAEA-NSD in court, proposed to ban the public from the court

proceedings, but the judge ruled against it. The legal counsel of Paks Power Plant asked for the rejection of the claimant's petition, saying that the required data were trade secrets or fell under the protection of copyright laws, thus they could not be considered public data. Furthermore, the shareholding company is not within the scope of the data protection act. It is required to publicise data within the scope of the Nuclear Act, which is done through their public information brochures. In their opinion, they did not have to comply with the Environmental Act either, since they are required to operate according to the nuclear authorities' procedural regulations. The First Instance Court ruled in favour of NAEA-NSD. However, the Court of Appeals overruled the First Instance judgement by a decision on 20 April 2006 and sent the case back to the Metropolitan First Instance Court. The court rejected the explanation of the First Instance Court according to which the claim was not specific enough and could be refused under the Aarhus Convention.²⁷ Quite important in that decision is the fact that the claimed environmental data is considered and emphasised as being public-interest data, according to the very law on privacy and access to public-interest data. The defendant has to present its evidence at the new proceeding, given that the First Instance Court did not evaluate it. According to the judgement, the data-processing institution has to verify the reasons of denial, because the Court of Appeals does not practice verification. It is justified that experts become involved in such a process in order to designate the data that can be considered as trade secret. The court underscored that in a public-interest access case the defendant cannot refer to reasons (such as national-security interests) that were not mentioned or did not even exist when they refused to provide the requested data.

The case will continue in September 2006 at the Metropolitan Court of Budapest following the orders of the Capital Court of Appeals.

The second law suit involves seven NGOs, mostly environmental ones, plus TASZ, which represents them all. The NGOs demanded to see the documentation on the re-start process (i.e., when after the incident, the authorities authorised the re-commissioning on 3 September 2004 of the second block that had been damaged of the nuclear plant). The eight NGOs tried to gain insight into the documentation on which the re-commissioning decision was based, but the NAEA-NSD refused to deliver those documents. The Hungarian Atomic Energy Authority stated that these documents were not of public interest. According to the Data Protection and Freedom of Information Act, if someone's application for data of public interest is refused,

the data-processing agency can be sued for release of the information. The eight NGOs filed their petition on 22 September 2004. The first court hearing was on 25 February 2005 and the second on 1 April 2005. The case was lost in the First Instance Court. The Court of Appeals then overruled this decision, on 8 September 2005.

The Court of Appeals sent the case back to the Metropolitan Court because the First Instance Court was wrong in judging that the expert opinions regarding the re-start of the Paks Nuclear Power Plant's second block were not public data. The Court of Appeals ruled that they were in fact public data, but it was still possible that they might have to be considered as trade secrets or fall under copyright laws. This, however, needed to be decided by the First Instance Court in a retrial. The Court of Appeals agreed with the NGOs on several important questions. In its decision, it agreed that litigation needed to be filed against the Nuclear Safety Directorate of the National Nuclear Energy Agency. It also said that the Directorate's arguments - that in case of repeated requests for data, deadlines needed to be counted starting from the date of the previous requests - were wrong. According to the Court of Appeals, the only decisive factor was that the litigation should be started within 30 days of the answer rejecting the submission of data. It doesn't matter how many times this rejection is filed. The most important decision of the proceedings was that the data required by the plaintiff are considered as public data and do not belong to the category of decision-preparation data. This means that the automatic restriction of publicity does not apply to these data. The court ruled that according to the Aarhus Convention, the public has an increasing interest in getting access to that kind of data.

24. The Roma are a critical issue in Hungary as well as in all Central European countries, to different degrees. See the UNDP report, "Reducing Poverty and Social Exclusion in Hungary, Slovenia, Slovakia and the Czech Republic", March 2004.

25. Clean Air Action Group wrote an article on 12 May 2005 titled "Miracles of Auchan". It said that miraculously, Auchan supermarket projects are always associated with breaching environmental or construction laws, with no obvious reason. The article finishes with the following sentence: "Not everywhere can Auchan play like this, since they were kicked out of the Czech Republic for corruption." Auchan filed a personality-rights protection lawsuit against CAAG saying that the article suggests that Auchan is corrupt. The Pest County First Instance Court ruled against CAAG on 10 April 2006, ordering CAAG: to stop breaching the personality rights of Auchan; to publish an apology; to pay Auchan € 4,000; to pay Auchan's attorney fees. CAAG appealed the decision and the Capital Court of Appeals is set for hearing in September 2006.

26. HUF 400 millions is equivalent to approximately € 1,5 million (exchange rate in July 2006).

27. The Aarhus Convention is a Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters, adopted in 1998 by the UN Economic Commission for Europe.

7. Conclusions

1. The concept of CSR is still new and not well-known in Hungary. Nonetheless, CSR-promotion initiatives launched by the government and business players seem to attempt to improve awareness of the concept and the importance of such policies for business players. The influence of multinational corporations and of foreign investors is clearly perceptible.

2. The corporations that adopt CSR policies are mainly concerned by their reputation and image. They wish to uphold a socially responsible image for their clients, consumers and investors. This also explains why most CSR departments or representatives are part of the communication department of the corporation. Most of the human-resources departments also deal with CSR and try to ensure, through their CSR policy, a secure domestic labour market. They need to attract their employees and make sure that they want to stay. In both cases, CSR policies appear to be a long-term investment. For instance, sponsoring and organising charity events - usually presented under CSR policies - are clearly marketing-oriented. However, this should not undermine the interest of some notable good practices in some corporations.

3. CSR policies are defined under the concept of sustainable development and cover economic, social and environmental aspects. Corporations may include in their CSR policies a specific Human Rights commitment, respect of legal obligations, as well as charity. Corporations publish their social performances and adopt specific and effective management mechanisms. Although the information published on CSR policies of multinationals is clearly abundant, lack of a clear definition and misuse of the concept make it difficult to get a clear picture of the efficiency of such policies. Moreover, serious work has to be done to adapt CSR policies to specifically Hungarian CSR concerns.

4. Corporate Responsibility is currently not a contentious issue in Hungary, which could be partly explained by the fact that it is still a recent phenomenon and that monitoring mechanisms have just been set up. As a result, there is little debate around CSR and only a few cases of alleged violations of Human Rights by corporations or CSR incidents are reported or documented. For instance, the OECD mechanism is almost never used. Moreover, the role of civil-society organisations, including NGOs and trade unions, is unclear. They do not seem to play the role of "CSR watchdog", but rather consider CSR as suspicious, since it is mainly used for

marketing purposes. Some NGOs, moreover, have become involved in the CSR business by providing paid consultancy services, thus blurring the boundaries of their social mandate. Finally, mechanisms such as boycotts or "social labelling" do not seem to be workable in the current economic and social context. As a consequence of the lack of interest and of the deficit in means of action, civil society plays a marginal role in the CSR dynamic. CSR is thus defined by business players on a voluntary basis, and implemented and monitored by business. This self-regulation process is hardly offset by governmental action aiming to promote the concept.

5. None of the players seem to be in favour of regulating CSR, especially corporations that consider that CSR should be self-regulated. Even if it did not seem appropriate to regulate CSR in Hungary by means of hard law, the promotion of good practices and a better understanding of the concept would be welcome. In addition, a more careful and severe implementation of basic social rights is necessary and requires direct state intervention (through its judiciary, legislative and executive branches). Finally, various mechanisms intended for implementing CSR could be used, such as, but not limited to: contractual subcontractor obligation to respect CSR provisions; scrutiny of the CSR code of conduct of a corporation through the lens of prohibited misleading and false advertising; obligation to publish a social report respecting specific CSR indicators; obligation for corporations eligible for public procurement to be socially responsible; use of tax or other forms of incentive to promote CSR and encourage corporations to adopt and respect CSR policies.

Appendix

Questionnaire International Federation for Human Rights Corporate Social Responsibility

I. About the evaluation	
Date	
Place	
Person(s) in charge representing the company... / Brief CV ...	
Additional comments:	

II. About the company - General information	
Name ... / Acronym ...	
Address	
CEO ... / In charge since ... / CV ...	
Legal form	
Structure	
Board of directors (composition – independent director – CSR director)	
Parent company (name, head office, date of establishment, legal form, turnover)	
Subsidiaries (number, name, location, date of establishment, legal form)	
Type of company: contractor - subcontractor - supplier - licensee - distributor - other	
Type of industry	
Type of business: services (specify) - production (specify) - other (specify)	
Eligible for public procurement (local, national, European, international) (or planning to be)	
Geographic implementation (local and national)	
Listed on the stock market (or planning to be)	
Turnover	
Stakeholders (identification)	
Workers (number, type of contracts, level of education)	
Trade-union representation	
Additional comments:	

AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY IN HUNGARY

III. About the company's CSR policy – General	
Practical definition of CSR	
CSR Department / Head of Department / CV / Date	
General CSR issues (sector - industry)	
Specific CSR issues (history - examples - 3 main issues in order)	
Overall self-evaluation of the company's CSR policy (grade /10)	
Main incentives (reputation - business - risk prevention - other)	
CSR policy of the parent company	(central – basic – no answer – influence – no influence)
CSR policy of main competitors	(central – basic – no answer – influence – no influence)
CSR policy of main customers	(central – basic – no answer – influence – no influence)
CSR policy of main subcontractors	(central – basic – no answer – influence – no influence)
Human Rights “obligations” or commitments of the corporation – policy.	Obligation to respect Obligation to ensure Right to equal opportunity and non-discrimination Right to security of persons Rights of workers Respect for national sovereignty Consumer protection Environment Anti-corruption Other
Additional comments:	

AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY IN HUNGARY

2. Implementation - Evaluation		
	Since	Plan to get
Contractual obligations imposed on subcontractors		
SA8000		
ILO-OSH2001		
OHSAS18001		
ISO14000 Series		
EMAS		
Specific mechanisms (specific audit mechanism of the corporation or other)		
Other		
Other		
Other		
3. Transparency		
	Date	Plan to get / do
Audit		
Standard: AA1000IStandard		
Standard: ISAE3000		
Standard: other		
Social Report		
Standard: Global Reporting Initiative (GRI)		
Standard: other		
Other		

AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY IN HUNGARY

4. Compelling interests – Coercion - Risk assessment		
	Date - Case	Your opinion
Contractual obligations for customers/contractors		
European Parliament – Public auditions		
Blacklist NGO (ex. Global Exchange)		
Top-list NGO / Network (ex. Corporate Watch)		
Public Labels		
Private Labels		
Logos		
Boycotts (history, risk assessment, etc.)		
Ethical funds (exclusion, investigation, etc.)		
Stock index		
Judicial sanctions (based on CSR violations)		
Commercial sanctions (breach of contract based on CSR violations – or market negotiations failure)		

FIDH represents 141 Human Rights organisations

141 organisations

Albania-Albanian Human Rights Group
Algeria-Ligue algérienne de défense des droits de l'Homme
Algeria-Ligue algérienne des droits de l'Homme
Argentina-Centro de Estudios Legales y Sociales
Argentina-Comite de Accion Juridica
Argentina-Liga Argentina por los Derechos del Hombre
Austria-Österreichische Liga für Menschenrechte
Azerbaijan-Human Rights Center of Azerbaijan
Bahrain-Bahrain Human Rights Society
Bangladesh-Odhikar
Belarus-Human Rights Center Viasna
Belgium-Liga Voor Menschenrechten
Belgium-Ligue des droits de l'Homme
Benin-Ligue pour la défense des droits de l'Homme au Bénin
Bhutan-People's Forum for Human Rights in Bhutan (Nepal)
Bolivia-Asamblea Permanente de los Derechos Humanos de Bolivia
Brazil-Centro de Justicia Global
Brazil-Movimento Nacional de Direitos Humanos
Burkina Faso-Mouvement burkinabé des droits de l'Homme & des peuples
Burundi-Ligue burundaise des droits de l'Homme
Cambodia-Cambodian Human Rights and Development Association
Cambodia-Ligue cambodgienne de défense des droits de l'Homme
Cameroon-Maison des droits de l'Homme
Cameroon-Ligue camerounaise des droits de l'Homme (France)
Canada-Ligue des droits et des libertés du Québec
Central African Republic-Ligue centrafricaine des droits de l'Homme
Chad-Association tchadienne pour la promotion et la défense des droits de l'Homme
Chad-Ligue tchadienne des droits de l'Homme
Chile-Corporación de Promoción y Defensa de los Derechos del Pueblo
China-Human Rights in China (USA, HK)

Colombia-Comite Permanente por la Defensa de los Derechos Humanos
Colombia-Corporación Colectivo de Abogados Jose Alvear Restrepo
Colombia-Instituto Latinoamericano de Servicios Legales Alternativos
Congo Brazzaville-Observatoire congolais des droits de l'Homme
Croatia-Civic Committee for Human Rights
Czech Republic-Human Rights League
Cuba-Comisión Cubana de Derechos Humanos y Reconciliación National
Democratic Republic of Congo-Ligue des Électeurs
Democratic Republic of Congo-Association africaine des droits de l'Homme
Democratic Republic of Congo-Groupe Lotus
Djibouti-Ligue djiboutienne des droits humains
Ecuador-Centro de Derechos Economicos y Sociales
Ecuador-Comisión Ecuemenica de Derechos Humanos
Ecuador-Fundación Regional de Asesoría en Derechos Humanos
Egypt-Egyptian Organization for Human Rights
Egypt-Human Rights Association for the Assistance of Prisoners
El Salvador-Comisión de Derechos Humanos de El Salvador
Ethiopia-Ethiopian Human Rights Council
European Union-FIDH AE
Finland-Finnish League for Human Rights
France-Ligue des droits de l'Homme et du citoyen
French Polynesia-Ligue polynésienne des droits humains
Georgia-Human Rights Information and Documentation Center
Germany-Internationale Liga für Menschenrechte
Greece-Ligue hellénique des droits de l'Homme
Guatemala-Centro Para la Accion Legal en Derechos Humanos
Guatemala-Comisión de Derechos

Humanos de Guatemala
Guinea-Organisation guinéenne pour la défense des droits de l'Homme
Guinea Bissau-Liga Guineense dos Direitos do Homen
Iran-Centre des défenseurs des droits de l'Homme en Iran
Iran (France)-Ligue de défense des droits de l'Homme en Iran
Iraq-Iraqi Network for Human Rights Culture and Development (United Kingdom)
Ireland-Irish Council for Civil Liberties
Israel-Adalah
Israel-Association for Civil Rights in Israel
Israel-B'tselem
Israel-Public Committee Against Torture in Israel
Italy-Liga Italiana Dei Diritti Dell'uomo
Italy-Unione Forense Per la Tutela Dei Diritti Dell'uomo
Ivory Coast-Ligue ivoirienne des droits de l'Homme
Ivory Coast-Mouvement ivoirien des droits de l'Homme
Jordan-Amman Center for Human Rights Studies
Jordan-Jordan Society for Human Rights
Kenya-Kenya Human Rights Commission
Kosovo-Conseil pour la défense des droits de l'Homme et des libertés
Kyrgyzstan-Kyrgyz Committee for Human Rights
Laos-Mouvement lao pour les droits de l'Homme (France)
Latvia-Latvian Human Rights Committee
Lebanon-Association libanaise des droits de l'Homme
Lebanon-Foundation for Human and Humanitarian Rights in Lebanon
Lebanon-Palestinian Human Rights Organization
Liberia-Liberia Watch for Human Rights
Libya-Libyan League for Human Rights (Switzerland)
Lithuania-Lithuanian Human Rights Association
Malaysia-Suaram
Mali-Association malienne des droits de

l'Homme
Malta-Malta Association of Human Rights
Mauritania-Association mauritanienne des droits de l'Homme
Mexico-Liga Mexicana por la Defensa de los Derechos Humanos
Mexico-Comisión Mexicana de Defensa y Promoción de los Derechos Humanos
Moldova-League for the Defence of Human Rights
Morocco-Association marocaine des droits humains
Morocco-Organisation marocaine des droits humains
Mozambique-Liga Mocambicana Dos Direitos Humanos
Netherlands-Liga Voor de Rechten Van de Mens
New Caledonia-Ligue des droits de l'Homme de Nouvelle-Calédonie
Nicaragua-Centro Nicaraguense de Derechos Humanos
Niger-Association nigérienne pour la défense des droits de l'Homme
Nigeria-Civil Liberties Organisation
Northern Ireland-Committee On The Administration of Justice
Pakistan-Human Rights Commission of Pakistan
Palestine-Al Haq
Palestine-Palestinian Centre for Human Rights
Panama-Centro de Capacitación Social
Peru-Asociación Pro Derechos Humanos
Peru-Centro de Asesoría Laboral
Philippines-Philippine Alliance of Human Rights Advocates
Portugal-Civitas
Romania-Ligue pour la défense des droits de l'Homme
Russia-Citizen's Watch
Russia-Moscow Research Center for Human Rights
Rwanda-Association pour la défense des droits des personnes et libertés publiques
Rwanda-Collectif des ligues pour la défense des droits de l'Homme au Rwanda
Rwanda-Ligue rwandaise pour la promotion et la défense des droits de

l'Homme
Scotland-Scottish Human Rights Centre
Senegal-Organisation nationale des droits de l'Homme
Senegal-Rencontre africaine pour la défense des droits de l'Homme
Serbia and Montenegro-Center for Antirwar Action - Council for Human Rights
South Africa-Human Rights Committee of South Africa
Spain-Asociación Pro Derechos Humanos
Spain-Federación de Asociaciones de Defensa y Promoción de los Derechos Humanos
Sudan-Sudan Organisation Against Torture (United Kingdom)
Sudan-Sudan Human Rights Organization (United Kingdom)
Switzerland-Ligue suisse des droits de l'Homme
Syria-Comité pour la défense des droits de l'Homme en Syrie
Tanzania-The Legal & Human Rights Centre
Thailand-Union for Civil Liberty
Togo-Ligue togolaise des droits de l'Homme
Tunisia-Conseil national pour les libertés en Tunisie
Tunisia-Ligue tunisienne des droits de l'Homme
Turkey-Human Rights Foundation of Turkey
Turkey-Insan Haklari Derneği / Ankara
Turkey-Insan Haklari Derneği / Diyarbakir
Uganda-Foundation for Human Rights Initiative
United Kingdom-Liberty
United States-Center for Constitutional Rights
Uzbekistan-Legal Aid Society
Vietnam-Comité Vietnam pour la défense des droits de l'Homme (France)
Yemen-Human Rights Information and Training Center
Yemen-Sisters' Arabic Forum for Human Rights
Zimbabwe-Zimbabwe Human Rights Association Zimrights

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FIDH - International Federation for Human Rights
 17, passage de la Main d'Or - 75011 Paris - France
 CCP Paris : 76 76 Z
 Tel: (33-1) 43 55 25 18 / Fax: (33-1) 43 55 18 80
 Email: fidh@fidh.org
 Internet site: <http://www.fidh.org>

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Director of the publication: Sidiki Kaba
 Editor: Antoine Bernard
 Authors of this report: Ludovic Hennebel and Philippe Kalfayan
 Coordination of this report: Elin Wrzoncki, Véronique Rioufol and Olivier de Schutter
 Assistant of publication: Céline Ballereau-Tetu

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