

Action Plan on CSR for the Region of Crete



Heraklion, November 2018

Produced by each region, the **action plan** is a document providing details on **how** the lessons learnt from the cooperation will be exploited in order to improve the policy instrument tackled within that region. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs (if any) and funding sources (if any). If the same policy instrument is addressed by several partners, only one action plan is required.

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Brief Description of the Road – CSR Project

Competitiveness of SMEs is high in the agenda of the European Commission (EC). Due to economic crisis, there is a widespread expectation that businesses should be more accountable to the society. The EC issued the Directive 2014/95/EU, where companies concerned are required to disclose in their management report, information on policies, risks and outcomes regarding environmental, social and employee aspects, respect for human rights, anticorruption and bribery issues, and diversity in their board of directors. In other words, to integrate in their business models Corporate Social Responsibility (CSR) principles.

Although, the new directive applies only to a limited number of large EU companies it leaves out the Small and Medium sized enterprises (SMEs) that are the predominant form of enterprise in EU and a key to achieving the goals of growth and jobs strategy. Studies have shown that CSR is viewed as a vital concept that businesses of all types and size need to understand and address. Also, there is a positive relationship between SMEs and CSR and their competitiveness. Our common challenge is to help member states to apply the new directive and new measures in their Operational Programmes in order SMEs to increase their competitiveness and sustainability.

Road-CSR brings together 7 partners from 7 countries, involving the managing authorities & regional bodies influencing regional and national policy instruments, to help EU member states to apply CSR principles into the core business of SMEs helping them with this way to become more competitive, sustainable, innovative and accomplish long term profitability with social justice and environmental protection. To incorporate CSR principles into SMEs' business core the project includes a wide range of activities, focusing on promoting the interregional learning process and the exchange of experience among regional authorities.

Project activities include:

- Investigation of the integration of CSR principles into SMEs and to national/regional legislation and programmes.
- Identification of successful best practices
- Evaluation and analysis of the level of impacts of CSR principles on the performance of SME's.
- Analysis of the factors (barriers and enablers) that influence the adoption of CSR into SMEs.



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- Promoting public dialogue and consultation process to build consensus and ensure the successful implementation of regional action plans, through the support and participation of key regional stakeholders.
 - Fostering interregional learning and capacity building through workshops, study visits, and policy learning events.
 - Joint development of action plans to promote the improvement of the policy instruments addressed by the project.
 - Policy recommendations for Directive 2014/95/EU and dissemination of them beyond the geographical scope of the project.
 - Increasing awareness, promoting and disseminating the project results and knowledge beyond the partnership.

Summary of the Action Plan

This Action Plan it is produced in the framework of Road -CSR project and it is based on the knowledge we gained and the exchange of experiences during Phase 1 of the project. The main scope of this Action Plan is to improve the policy instrument addressed, which is the Regional Operation Programme “Crete 2014 – 2020”.

The scope, priorities and objectives of the Regional Operation Programme “Crete 2014 – 2020” and Smart Specialisation Strategy of the Region of Crete are briefly described.

Chapter 3 presents an overview of the current situation of CSR integration, a SWOT Analysis of CSR in Crete and the conclusions of the field research. The Region of Crete Action Plan consists of the following two actions:

- ACTION 1: OBSERVATORY OF BUSINESS INNOVATION AND CORPORATE SOCIAL RESPONSIBILITY
- ACTION 2: ESTABLISHMENT OF A MEMORANDUM OF UNDERSTANDING



Each action is described in Chapter 4 in the following structure: a description of the lessons learnt from the project that constitute the basis for the development of the action, a list and description of the actions to be implemented, the players involved in the development and implementation of the action and their role, a timeframe, costs and funding sources.



HELLENIC REPUBLIC
REGION OF CRETE

Road-CSR
Interreg Europe

 European Union
European Regional
Development Fund

Chapter 1 – General information

Project: A Roadmap for Integrating Corporate Social Responsibility into EU Member States and Business Practices | Road CSR

Partner Organization: **Region of Crete**

Country: **Greece**

NUTS2 region: **Region of Crete**

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Chapter 2 – Policy context

- The Action Plan aims to impact:
- Investment for Growth and Jobs programme
 - European Territorial Cooperation programme
 - Other regional development policy instrument

Name of the policy instrument addressed: **Crete Regional Operational Programme “Crete 2014 – 2020”**

2.1 The Regional Operational Programme of Crete (ROP Crete)

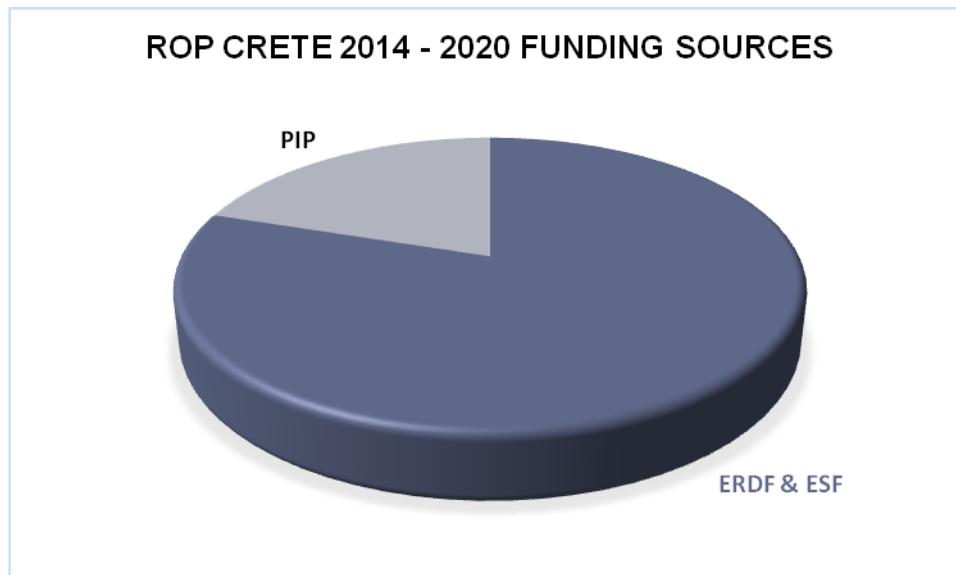
The vision of the development plan for Crete under the NSRF 2014-2020 is: “Dynamic and Sustainable Crete”. “Dynamic” in the sense of having an integrated exit strategy from the crisis, by investing and strengthening the interconnections and the export character of the “Dynamic sectors: agri-food, culture, tourism, environment, knowledge economy”. “Sustainable” in terms of economic, environmental and social. “Sustainable in terms of economic”: a sustainable development based on the characteristics of the region, a sustainable value of “culture - Cretan diet”, where there is a strong background to enhance extroversion and increased competitiveness. “Environmentally sustainable”:



protection and enhancement of natural and cultural resources. “Socially sustainable”: inclusive growth while addressing poverty and strengthening the weaker social groups.

In the context of “sustainability” the Regional Operational Programme of Crete covers all pillars of Corporate Social Responsibility; Environment, Human Resources, Market, Workplace Environment. Through the implementation of Road – CSR project and the current Action Plan, the Region of Crete seeks to raise awareness and promote CSR as a tool for SME’s to enhance competitiveness that will also affect the competitiveness of Crete region. Co funded actions are partially oriented towards CSR and will create a “friendly” environment for promoting and integrating CSR in regional level.

The ROP Crete 2014 – 2020 is co-financed by: **A.** the European Regional Development Fund (ERDF) and the European Social Fund (ESF) at 80% **B.** the Public Investment Program (PIP) at the remaining 20%.



2.1.1. The Public Investment Programme (PIP) (FUND)

The Public Investment Program 2018-2021 it's a fund that finances the country's (Greece) development policy with projects that contribute to the growth of the private and public capital of the economy and support the modernization of the country on a long-term basis. It aims to accompany the fiscal effort with development actions, contributing to the strengthening of the economy and to support social cohesion. The resources available during the period 2018-2021 (Medium Term Financial Planning Framework (MTFS)) will be allocated for the achievement of the development objectives in the areas of infrastructure, entrepreneurship, human capital, local government, for the completion of the National Strategic Reference Framework NSRF 2007-2013 and to meet the

absorption objectives of the Partnership Growth Pact 2014-2020 " (National Strategic Reference Framework 2014-2020) which follows the EU strategy "Europe 2020".

2.1.1.a. The Public Investment Programme and its financial contribution to the Policy Instrument

The Public Investment Programme together with the structural Funds of the EU (ERDF, ESF, ETC) co-funds the entire priority axis included in the National Strategic Framework 2014-2020. The Operational Programmes that are part of this Framework as the Regional Operational Programme "Crete 2014-2020" and the INTERREG EU are also funded by the same funds with the PIP included.

More specifically, the 20% of the INTERREG EU funding is covered by the Public Investment Fund of Greece so the PIP contributes to the financial support of the ROAD CSR project and to the Regional Operational Programme Crete 2014-2020 as well. Thus, like ERDF, the Public Investment Programme could potentially influence the policy instrument of the Region of Crete in the project which is the Regional Operational Programme "Crete 2014-2020" as they both are the main financial resources of it and they are both intend to lead to a policy that intervene to entrepreneurship & development.

2.1.2 Crete 2014 – 2020 Priority Axis and expected impacts

The Regional Operational Programme of Crete "Crete 2014 – 2020" is structured in the following 7 Priority Axes:

❖ **Priority Axis 1 (ERDF & PIP): Reinforcement of competitiveness, innovation and entrepreneurship**

It is proposed as a "Smart Development Axis", which aims to create an innovation ecosystem by implementing actions that support RIS Crete.

The axis will seek to:

- i. Promote business partnerships and, as a matter of priority, knowledge providers, in order to exploit the R&D results produced by the research institutes of the Region, as well as to direct the researchers towards the established needs of the enterprises.
- ii. Support new innovative businesses through a comprehensive package of measures (ensuring the necessary seed capital, incubators etc).
- iii. Support businesses to strengthen the processes of producing competing products that can penetrate international markets.

❖ **Priority Axis 2 (ERDF & PIP): Sustainable development with environmental upgrade and climate change adaptations**



The axis will seek to:

- i. increase in energy efficiency in public and private buildings,
- ii. Promote investments for mitigating climate change and specific risks,
- iii. Increase in solid waste recycling and improvement in water quality,
- iv. Promote of natural and cultural heritage as well as
- v. Reinforcement of regional mobility

❖ **PRIORITY AXIS 3 (ERDF & PIP): Reinforcement of education and social cohesion in Crete.**

The axis will seek to:

- i. Ensure the conditions for the empowerment of the human resources of Crete
- ii. Ensure the provision of equal health and welfare education infrastructure.

❖ **PRIORITY AXIS 4 (ESF): Promotion of employment and workers' adaptation to changes**

It is intended to upgrade the workforce with new skills as well as to stimulate entrepreneurship within the RISCrete priorities. Under the axis, the actions below are planned:

- i. Advisory guidance and subsidy for the creation of new enterprises in the areas of the Regional Strategy of Smart Specialization.
- ii. Training, counseling, guidance on upgrading the workforce and entrepreneurs by adapting them to the needs arising from the implementation of Axis 1 actions.

❖ **PRIORITY AXIS 5 (ESF & PIP): Promoting Social Inclusion and poverty alleviation in Crete.**

The axis will seek to:

- i. Active integration in the labour market
- ii. Poverty alleviation
- iii. Promote social entrepreneurship
- iv. Equal access to health services

❖ **Priority Axes 6 & 7: Technical Assistance (ERDF – ESF-PIP)**

Technical Assistance is dedicated in actions that will support the preparation and implementation of the Operational Programme, such as:

- i. Preparation, Management, Monitoring and Control of co-funded actions
- ii. Strengthening the administrative capacity of the Regional Management Authority and Beneficiaries
- iii. Publicity and information
- iv. Evaluation of the program



v. Combating fraud and corruption

In addition, under these priorities, will be also financed: all the required actions (field research – studies etc) that will be derived from the implementation of the Action Plan to address deficiencies and / or the measurement of result indicators, Regional Strategies that specialize National Strategies in specific areas and are required to specialize the actions of the program as well as actions that are required for the preparation of regional mechanisms that will be used to monitoring - activation of program actions (eg Regional Innovation Mechanism, Regional Occupation Mechanism, etc.).

The expected impacts of O.P. “Crete 2014 – 2020” are:

- Support of more than 500 SMEs and cooperation of more than 200 enterprises with research institutions
- Creation of 270 full time equivalent jobs
- Improved water supply to additional 30,000 persons and waste water treatment to additional 75,000 persons
- Additional 70,000 tonnes of waste recycling capacity per year
- Annual energy savings of 902 ktoe
- Support of 25 business plans for social enterprises
- Some 11,000 disadvantaged persons should benefit from health and social care services.

2.2 The Smart Specialisation Strategy of the Region of Crete

The concept of smart specialisation suggests a strategy and a global role for every national and regional economy, including both leader and less advanced territories and promotes cooperation between the regions.

Smart specialisation is about focusing on the identification of each country/region's competitive advantages in specific market sectors or parts, getting relevant public and private stakeholders involved through a bottom-up procedure and creating a vision for the future. It emphasises on strategic priorities, implements an action plan and includes sound monitoring and Assessment mechanisms.

The concept of smart specialisation has also been promoted by the Communication Regional Policy contributing to smart growth in Europe 2020. In this document, the Commission promotes planning of national - regional research and innovation strategies for smart specialisation, as a way to receive more targeted support by the EU Structural Funds (ESIF) and as an important tool for the

consolidation of synergies between Horizon 2020 and the EU Structural Funds in favour of additional growth and scientific excellence.^{1??}

National/regional research and innovation strategies for smart specialisation (RIS3) are integrated, place-based economic transformation strategies that are created around the following 5 axes which:

1. Focus policy support and investments on key national/regional priorities, challenges and needs for knowledge-based development, including ICT-related measures.
2. Build on each country's/region's strengths, competitive advantages and potential for excellence.
3. Support technological as well as practice-based innovation and aim to stimulate private sector investment.
4. Get stakeholders fully involved, through a bottom-up procedure which has constant entrepreneurial discovery as a key feature and encourage innovation and experimentation.
5. Provide qualitative and quantitative evidence and include sound monitoring and assessment systems which are supported by appropriate indicators.

Priority setting within RIS3 focuses on the sectors that show potential for growth or/and specialisation of the local economy and can draw the interest of knowledge and research stakeholders and of the entrepreneurial world. Choosing a limited and properly evidenced number of priorities is a crucial issue for a smart specialisation strategy. These priorities should concern those sectors where an area can realistically hope to excel/advance. In addition to specific technological or sectoral priorities, it is important to pay attention to defining horizontal-type priorities, referring to the diffusion and application of Key Enabling Technologies (KETs), as well as social and organisational innovations.

The underlying rationale behind the Smart Specialisation concept is that by concentrating knowledge and linking it to a limited number of priority economic activities, countries and regions can become competitive in the global economy.

The concept of “smart specialization” is smart for two main reasons:

- Firstly, it links research and innovation with economic development in novel ways such as the entrepreneurial discovery and the setting of priorities by policy makers in close cooperation with local actors. (bottom-up process)
- Secondly, this process is carried out with an eye on the outside world, forcing regions to be ambitious but realistic about what can be achieved while linking local potential to sources of knowledge and added value chains.

¹ See http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/comm_en.htm and http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=h2020-documents

The Smart Specialization Strategy of the Region of Crete is divided in 6 Modules that form a rational planning structure:

- Module 1: Analysis of the Region's productive system and of its research and innovation potential
- Module 2: Creation of a vision and of strategic objectives for smart specialisation within the Region
- Module 3: Limited number of priorities for regional development
- Module 4: Appropriate policy mix and costed action plan
- Module 5: Proposal for the implementation of an effective and realistic governance structure for RISCrete
- Module 6: Incorporation of a constant monitoring and assessment mechanism for RISCrete supported by an appropriate indicator mix

2.2.1 Priorities of the Regional Smart Specialization Strategy

The vision of the development plan for Crete within NSRF 2014-2020 is the following: Dynamic and Sustainable Crete. Dynamic in the sense of the presence of an integrated strategy to exit the economic crisis, with investments and enhancement of interconnections and of the export-oriented character of the Dynamic Sectors of regional economy: agri-food, cultural, touristic, environmental, knowledge-based. Sustainable as far as economy, environment and society is concerned. Sustainable in terms of economy: the aim is to achieve sustainable development based on the Region's characteristics, that is, the enduring value of culture - Cretan nutrition where there is a solid base for boosting extroversion and increased competitiveness. Sustainable in terms of environment: protection and enhancement of natural and cultural resources. Sustainable in terms of society: inclusive development combined with ways of combating poverty and support of weaker social groups.

The Smart Specialisation Strategy of the Region of Crete embraces the vision of Crete's developmental plan for the 2014-2020 period: Dynamic and Sustainable Crete because it has been planned to represent:

1. An integrated proposal for the regional economy's exit from the crisis, aiming at enhancing the potential of innovation and scientific knowledge, in an attempt to boost the competitiveness of the well-established branches and to expand the productive base of Crete towards new emerging high added value sectors.

-
2. A legal framework for tackling important environmental problems and challenges for Crete, in terms of sustainable development and the creation of new jobs, by enhancing the potential of innovation and scientific knowledge.

In particular, the Smart Specialisation Strategy of the Region of Crete aims at using the potential of innovation and scientific knowledge in order to:

- (a) revitalise the agri-food complex so as to adapt to climate change, strengthening of export branches and promotion of the value of Cretan nutrition which is Crete's intangible cultural heritage.
- (b) achieve the consolidation in the international market of a competitive cultural - tourism complex, with unique and original features
- (c) reduce Crete's dependence on conventional forms of energy
- (d) shift towards the sustainable use of the island's natural resources
- (e) make the best of the sea's possibilities
- (f) develop world-class educational and training activities for its human capital which will rely on Crete's educational web
- (g) develop production activities of high added value in emerging sectors which will rely on Crete's educational web

The breakdown of the innovation system of the Region of Crete reveals the following four sector/branch complexes which could become priorities for the Regional Smart Specialisation Strategy for Crete:

- 1. The agri-food complex
- 2. The cultural-touristic complex
- 3. The environmental complex and
- 4. The knowledge complex

Chapter 3: Overview of the current situation

3.1 Trends in the EU CSR sector

Below, we summarise some of the trends identified in the EU corporate social responsibility sector, which highlight emerging opportunities for innovation.

Key messages:

The main developments from the last 20 years that have had, and will continue to have, a positive and/or negative impact on the corporate social responsibility of enterprises based within the EU are the following:

- New technologies, including renewable energies, have been developed to limit their carbon footprint and to ensure that enterprises can continue to provide services whilst being environmentally sustainable.
- An increasing level of mechanization in production can lead to both a spur in the economic profits reaped by an enterprise and a decrease in the number of employees, therefore widening social exclusion.
- EU Member States have been severely affected by the economic crisis and this has led to businesses being more budget-conscious and, therefore, less likely to implement strategies which they may find costly or complicated.
- EU States' increasing awareness of the importance of CSR has been reflected in the range of different public and private initiatives aimed at reducing social exclusion, increasing gender equality, reducing adverse environmental impacts and bringing about sustainability.
- Growing price volatility may enhance the relative competitiveness of the EU, since entrepreneurs from the EU have better access to bank loans and credits than competitors from developing countries.
- Proliferation of EU and international corporate social responsibility initiatives.
- Public demand for sustainability and transparency across enterprises might increase the EU's competitiveness, due to the range of initiatives and opportunities for enterprises.
- Increasing demand of consumers for organic and sustainably-manufactured products might favour competitors from developing countries, since the production is less technology-based and more cost-saving for them, allowing them to increase their exports on the European Single Market, if they are able to meet the quality requirements and have reasonable trade access.

EU Innovation in the CSR sector

The EU's first mention of CSR was at the Lisbon Council Meeting in March 2000, as part of the initiative entitled "Employment, economic reform and social cohesion: Towards a Europe of innovation and knowledge"². The initiative aimed at making Europe "the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with

² European Council. (2000). Lisbon European Council 23 and 24 March 2000 – Presidency Conclusions.

more and better jobs and greater social cohesion and respect for the environment”³. These five specific areas which the project covered are also embodied in CSR: the knowledge society; economic reform; business dynamism; employment and social cohesion; and the environment. The EU has since introduced the Multi-stakeholder Forum for CSR⁴, in 2002, with extensive support from the European Commission, for trade unions, companies, NGOs, etc., to collaborate in the promotion of innovation, convergence, transparency and social responsibility practices. Four fora have been held (in 2006, 2009, 2010 and 2015), each focusing on a specific matter. The topics that have been discussed include the circular economy, responsible taxation, business and human rights, and international perspectives on CSR, from Latin America, Africa and Asia. The forum is designed to hear the opinions of different key stakeholders and to analyse their ideas and proposals for the next five-year CSR strategy.

In its most recent strategy, for 2015-2020, the European Commission defines CSR as “the responsibility of enterprises for their impact on society”⁵, which should be led by private companies, but complemented by public authorities through a mix of policies and regulations. This strategy is founded on recognized international standards, including the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises on Social Policy and the OECD Guidelines for Multinational Enterprises⁶.

The EU's current CSR agenda includes the following objectives⁷:

1. Enhancing the visibility of CSR and disseminating good practices
2. Improving and tracking levels of trust in business
3. Improving self and co-regulation processes
4. Enhancing market rewards for CSR
5. Improving company disclosure of social and environmental information
6. Further integrating CSR into education, training and research
7. Emphasizing the importance of national and sub-national CSR policies
8. Better aligning European and global approaches to CSR.

Drivers of innovation in CSR

³ *Ibid.*

⁴ Road CSR Joint Thematic Study, p. 6.

⁵ European Commission. (2018). Corporate Social Responsibility (CSR). Available at: http://ec.europa.eu/growth/industry/corporate-social-responsibility_en (accessed 10/2018).

⁶ *Ibid.*

⁷ *Ibid.*

In the context of the corporate social responsibility sector, the pattern of innovation is the result of manifold factors. Firstly, progress in corporate social responsibility programmes and initiatives brings about innovation: sustainability is inherently linked to research and development⁸. Similarly, CSR also results in cost savings; for example, by reducing energy consumption. Additionally, better working conditions, equality, flexibility and non-discrimination in the workplace encourage talent to stay in the enterprise, rather than chasing better opportunities elsewhere⁹. The other great driver of innovation in CSR is marketing. As companies implement initiatives concerning social exclusion, their environmental impact, employment opportunities, gender equality, the green economy, and so on, they improve their brand. This translates to an improvement of the brand, which can lead to greater publicity and increased competitiveness against other enterprises working in the same sector.

3.2 Integration of CSR in national and regional level

The Study of the Region of Crete on Corporate Social Responsibility in the framework of the Road CSR project of Interreg Europe identified the level of the integration of CSR into national and regional legislation and into enterprises' strategies¹⁰.

The national priorities enshrined in the Greek National Action Plan, elaborated by the Ministry of Economy, Competitiveness and Shipping include promoting the State's commitment to CSR, establishing a new strategy with standards, actions and tools, and defining the infrastructure required for the implementation of this strategy. Greece has set out four targets as part of the Europe 2020 strategy¹¹:

1. Increasing the percentage of employment for people aged 20-64 to 70%.
2. Reducing the proportion of the population under threat of poverty or social exclusion by 450,000 people.
3. Reducing the number of children and young people (aged 0-17) under threat of poverty by 100,000 people.
4. Covering immediate needs and devising effective and sustainable long-term services of social protection.

⁸ Epstein-Reevers, James. (2012). Six Reasons Companies Should Embrace CSR. Forbes, 21 February 2012. Available at: <https://www.forbes.com/sites/csr/2012/02/21/six-reasons-companies-should-embrace-csr/#310bcd483495> (accessed 10/18).

⁹ MURPHY, Chris B. (2018). Why is Social Responsibility Important to a Business? Investopedia, 18 June 2018. Available at: <https://www.investopedia.com/ask/answers/041015/why-social-responsibility-important-business.asp> (accessed 10/2018).

¹⁰ Road CSR, Country Study: Greece, *Study of the Region of Crete on Social Responsibility in the framework of the Road CSR project of Interreg Europe*, Heraklion, 2017.

¹¹ *Ibid.*, p. 7.

The National Action Plan has identified four key areas where it should act¹², namely workforce and human capital, society, the market and the environment – climate change; however, it lacks a specific orientation. Nonetheless, its focus is primarily in defining the State's role in the promotion of CSR. The National CSR Strategy¹³, proposed by the General Secretariat for Trade and Consumer Protection in July 2017, is a means of helping enterprises and organisations throughout the country implement CSR principles, and it breaks its objectives into targeted actions that enterprises may follow.

An exhaustive list of the numerous legal instruments related to CSR decreed by the Greek State follows¹⁴:

- L. 2716/1999 on Limited Liability Social Cooperatives, aiming at the social, economic and professional integration of people with psychosocial problems.
- L. 3304/2005 on the Application of the principle of equal treatment regardless of racial or ethnic origin, religious or other beliefs, disability, age or sexual orientation, as obliged by Directives 2000/43/EC and 2000/78/EC.
- Presidential Decree 148/2009 on Environmental responsibility for the prevention and restoration of environmental damages.
- L. 3850/2919, a code for the promotion of health and safety in the workplace.
- L. 3855/2010 on Green Public Contracts, to develop a national policy and road map for these.
- L. 3896/2010 on equal opportunities and treatment of men and women in the workplace in both public and private sectors.
- L. 4019/2011 on Social Economy and the Social Entrepreneurship, concerning marginalised social groups, and reducing poverty, discrimination and social exclusion.
- L. 4093/2012 defining the minimum wage and income.
- Presidential Decree 135/2014 on the environmental authorisation of projects and activities.\
- L. 4430/2016 on Social and Solidarity Economy, introducing employee cooperatives, more facilities and greater transparency for Socially Cooperative Enterprises.
- L. 3487/2006 to transpose Directive 2003/51/EC regarding the annual and consolidated accounts of certain types of companies, banks and other financial institutions.
- L. 4308/2014 on Greek Accounting Standards.
- L. 4403/2016 transposing articles of Directive 2013/34/EU, on the annual and consolidated financial statements and related reports of certain financial undertakings.

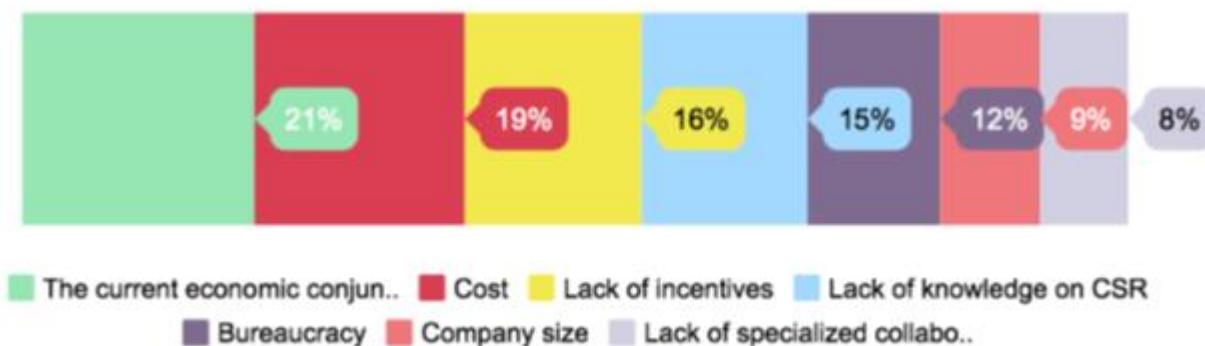
¹² Ibid.

¹³ Ibid., p. 16.

¹⁴ Ibid., pp. 17-19.

- Circular 62784 of the General Secretariat for Trade and Consumer Protection, of the Ministry of Economy and Development, clarifying issues within Laws 4403/2016 and 4308/2014.
- statements that expire on July 7, 2016, of the relevant reports (audit, management, non-financial status, payments to governments) and the corporate governance statement in accordance with Provisions of Law 4403/2016 in conjunction with the provisions of Law 4308/1414. Time and method of convergence of the regular general assembly and the assembly of partners.
- L. 4412/2016 on Public Procurement and Services, incorporating Directives 2014/24/EU and 2014/25/EU on the procurement of entities operating in the water, energy, transport and postal services sectors.

Under the current legislation, SMEs are not required to disclose any non-financial information¹⁵. If we consider that SMEs account for 99.9% of all enterprises in Greece, and in the Region of Crete, and that 69.8% of these are micro-SMEs¹⁶, it appears that a large proportion of businesses in Greece are not obliged to disclose this information. Whilst differentiating requirements based on a firm's size is understandable, this also reduces the implementation of CSR principles drastically, so more measures or incentives are required. As a natural consequence, most CSR reporting and projects are undertaken by large enterprises, whilst SMEs are more hesitant, due to a range of factors identified in a study by ICAP Group in 2016, as depicted below¹⁷.



¹⁵ *Ibid.*, p. 23.

¹⁶ *Ibid.*, p. 22.

¹⁷ ICAP Group. (2016). Results of Primary Research on Corporate Social Responsibility in Enterprises by ICAP Group, August 2016. Available at: <http://www.icap.gr/Default.aspx?id=10159&nt=146&lang=1> (accessed 07/2017) (Original in Greek).

Nonetheless, independent organisations and NGOs are implementing noteworthy measures that are making a difference to the future of CSR in Greece. The Omikron Project focuses on altering the image of Greece and its people in a post-crisis Europe through various volunteering programmes¹⁸.

There are also several organisations and networks that organise awards ceremonies to reward efficient CSR performance and promote CSR and sustainability. CSR Hellas Network is promoting CSR among SMEs, and they introduced a category dedicated to SMEs as part of their award ceremony¹⁹. In addition, it collaborates with the Central Union of the Greek Chambers of Commerce and the University of Athens for the publication of best practices as well as studies and investigations on CSR and the obstacles that SMEs currently face²⁰. Similarly, the Corporate Responsibility Institute holds annual award ceremonies prizing the most ethical businesses²¹, also rewarding big leaps in companies' progress. The Corporate Responsibility Institute categorises enterprises based on their CSR performance into three tiers (gold, silver and bronze), and awards the highest performer in each. Finally, the Bravo Sustainability Awards, organised by the QualityNet Foundation, are another example²². The Bravo Network is preparing a platform for social dialogue, open consultation and information.

The Region of Crete has participated in the Bravo network consistently and its achievements have been recognised several times; its creation of a digital platform for the digitization of driving licences won the 1st prize in the Bravo Governance Local Authorities sub-category and the "Child Protection by the Impact of the Financial Crisis" initiative was ranked in 1st place in the Bravo Society Local Authority in 2015. The Municipalities of Heraklion and Rethymno, and Heraklion's Port Authority have also been awarded, so they are considered the leaders within the Region of Crete in terms of CSR. The Municipality of Heraklion was rewarded for its integrated and outstanding water waste management system and its tertiary treatment of sewage, resulting in the irrigation of thousands of acres of vineyards, olive groves and other crops, improving agricultural production and saving the consumption of drinking water. That same year, the Heraklion Port Authority won the Small Business Award for its overall presence and impact. The Region has continued to be recognised since: in 2017, the Region of Crete was awarded 1st place in Bravo in Action and 2nd place in Bravo Market, for the Cretan Gastronomy Centre and its free educational activities, vocational training and

¹⁸ Omikron Project. (2018). Omikron Project: What we're doing. Available at: <http://omikronproject.gr/about> (accessed 10/2018).

¹⁹ CSR Hellas. (2018). Available at: <https://www.csrhellas.net/> (accessed 10/2018) (Original in Greek).

²⁰ Road CSR, Country Study: Greece, p. 25.

²¹ Corporate Responsibility Institute. (2018). CRI Index. Available at: <http://www.cri.org.gr/Contents.aspx?CatId=91> (accessed 10/2018) (Original in Greek).

²² Bravo Sustainable Greece 2020. (2018). Available at: <https://bravo.sustainablegreece2020.com/> (accessed 10/18) (Original in Greek).

volunteering. Additionally, the Region's child protection initiative was recognised again in the Bravo Environment category, as was the Municipality of Rethymno's integrated intervention for sustainable mobility. These examples all reflect that, through its innovative initiatives, the Region of Crete is spearheading the move towards a more sustainable and socially responsible future.

3.3: The SWOT analysis of Corporate Social Responsibility in Crete

SWOT analysis is a tool for strategic planning used to analyse the Strengths and Weaknesses of the Intervention Area under consideration, as well as the Opportunities and Threats that exist. In the present study, the assessment of the current situation is facilitated by using the SWOT analysis tool for the primary sector of the intervention area.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Recognition for the Region of Crete's sustainable development in the Bravo awards²³. ▪ Public authorities' willingness to incorporate CSR into their strategies. ▪ High global demand for corporate socially responsible businesses. ▪ SMEs make up for 99.9% of the region's (and country's) enterprises²⁴. ▪ NGOs like CSR Hellas are promoting CSR²⁵. ▪ Greece is party to numerous international human rights treaties, including the European Convention on Human Rights or the Geneva Convention relating to the Status of Refugees, and L.3304/2005 on the Application of the principle of equal treatment regardless of racial or ethnic 	<ul style="list-style-type: none"> ▪ Enterprises' current awareness of CSR is low. ▪ No campaigns initiated by the Region of Crete in the subject yet. ▪ Reliance on state mechanisms dealing with Consumer Awareness and Responsible Business Promotion²⁷. ▪ Lack of National Action Plan

²³ Road CSR, Country Study: Greece, p. 31.

²⁴ *Ibid.*, p. 23.

²⁵ *Ibid.*, p. 25.

²⁷ *Ibid.*, p. 110.



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origin, religious or other beliefs, disability, age or sexual orientation, incorporates the Directives 2000/43/EC and 2000/78/EC, guaranteeing human rights to all individuals in Greece ²⁶ .	
Opportunities	Threats
<ul style="list-style-type: none">▪ Boosting economic development in the Region of Crete.▪ Creating equal opportunities, eradicating discrimination and achieving gender equality.▪ Creating new job opportunities.▪ Combatting poverty in Crete.▪ Potential to improve efficiency.▪ Potential to spread a culture of sustainability.▪ Greater SME and regional competitiveness.▪ Link between CSR projects and innovation.▪ Less strain on natural, human and economic resources.▪ Spreading awareness of CSR beyond enterprises, to trade unions, workers association and universities.▪ Reduction of CO₂ emissions.▪ Management of cultural and natural resources.	<ul style="list-style-type: none">▪ Low incentivisation to introduce CSR initiatives and projects due to their perceived high cost.▪ Bureaucracy is another impediment.▪ Economic recession affecting all sectors, including economic activity, employment and demand.▪ Increasing competition for services from low-cost and neighbouring countries (such as Turkey).▪ Difficulty in implementing research results at a business level.▪ SMEs are still suffering the effects of the economic recession²⁸.

²⁶ Road-CSR. (2017). CSR Joint Thematic Study. November 2017, p. 54.

²⁸ *Ibid.*, p. 76.

3.4 Field Research Conclusions

One of the main conclusions of the Thematic Study on CSR in Greece, that was conducted during Phase 1 of Road – CSR, was the lack of information on integrating CSR in regional level. The Region of Crete decided to proceed to a field research in order to gather relevant data and identify best practices. 1.938 questionnaires had been sent to a wide range of enterprises and local authorities, the response rate was very low as only 51 enterprises and 14 authorities answered the questionnaire.

These are some interesting conclusions from the survey on CSR incorporation in regional enterprises:

- ⇒ 37 out of 51 incorporate CSR practices in their business. The following table indicates the type of CSR practices they apply in their business.
- ⇒ 12 out of 14 that do not have CSR practices, intend to incorporate them in the future, mainly because they think that this will improve the image of their business, contribute to society and improve the working environment. The deterring facts for the other 2 entrepreneurs who are not willing to implement CSR in the future are the lack of time, information and specialized personnel as well as bureaucracy.
- ⇒ 31 out of 51 respondents declared that the cost of implementing CSR practices is remarkable but not deterrent, only 4 of them declared that it is deterrent.

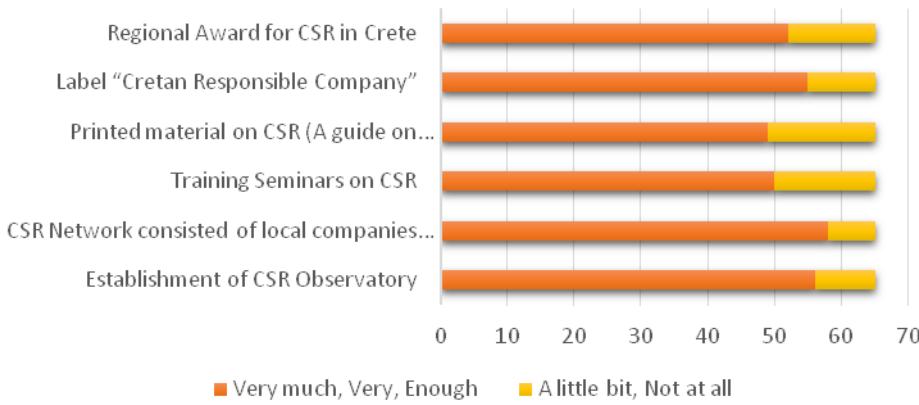
Considering the economic crisis, we are facing as a country, it is notable that 45 of them think that implementing CSR practices can contribute in the viability of their business.

Regarding the data collected from local and regional authorities, these are some interesting points:

- ⇒ 13 out of 14 authorities were familiar with CSR definition
- ⇒ Only 5 of the knew that a National Action Plan was been under consultation
- ⇒ 10 out of 14 implementing CSR practices

Through the field research the Region of Crete gathered some useful information about what actions related to CSR will be interesting and to what extent for SME's and stakeholders as well. The following chart presents their answers that were also been considered during the designing phase of this Action Plan.

To what extent will the following actions be interesting for your operations?



On February 2018, the results of a field research on “Research and Development in Crete’s Enterprises” were published. The research conducted by University of Crete, with the collaboration of the Region of Crete, on November 2017, in the framework of the “Regional Occupation Mechanism” that is financed by OP Crete 2014 – 2020. Over 2.000 enterprises were approached and 1.294 have responded (response rate ~ 65%).

The results regarding CSR are:

- ⇒ 5% of them (65 enterprises) declared their familiar with CSR aspects and their significance in the business development
- ⇒ The half of the enterprises that were familiar with CSR (49% - 32 enterprises) have not implemented CSR practices and are not intending to do it in the future. 33 % (21 enterprises) are already implementing CSR practices and will continue to do so. 15 % of them has not implement CSR but intends to it in the future.

In conclusion, integrating CSR, is not part of the culture and strategies of the sample enterprises, since it concerns only 1.6% of them. The majority is not even aware of what CSR refers to, but also among those who know the term, the majority is not interested in developing such actions.

Chapter 4: Actions

Due to the fact that the CSR is not part of the culture of the entrepreneurship of Crete, the Action Plan of the Region of Crete tries to put the foundations for introducing the Social Responsibility to Cretan entrepreneurship and create a new culture for competitiveness and sustainability in regional development. Thus, the Action Plan sets a vision and a strategic goal for CSR promotion to present and future regional entrepreneurship & development in Crete. It introducing two integrated and interrelated actions to the way of this vision achievement: A. the establishment of administrative structures (Observatory of Business Innovation and Corporate Social Responsibility) responsible for the CSR promotion in the island, ensuring the duration of CSR presence in regional economy and B. a stable collaboration (Memorandum of Understanding) of key stakeholders that will contribute to the CSR promotion in Crete in a long term basis. This is a structural and integrated proposal occurring for the first time in Crete. It is an innovative proposal in this aspect for Crete.

4.1 ACTION 1: Observatory of Business Innovation and Corporate Social Responsibility

4.1.1 The background

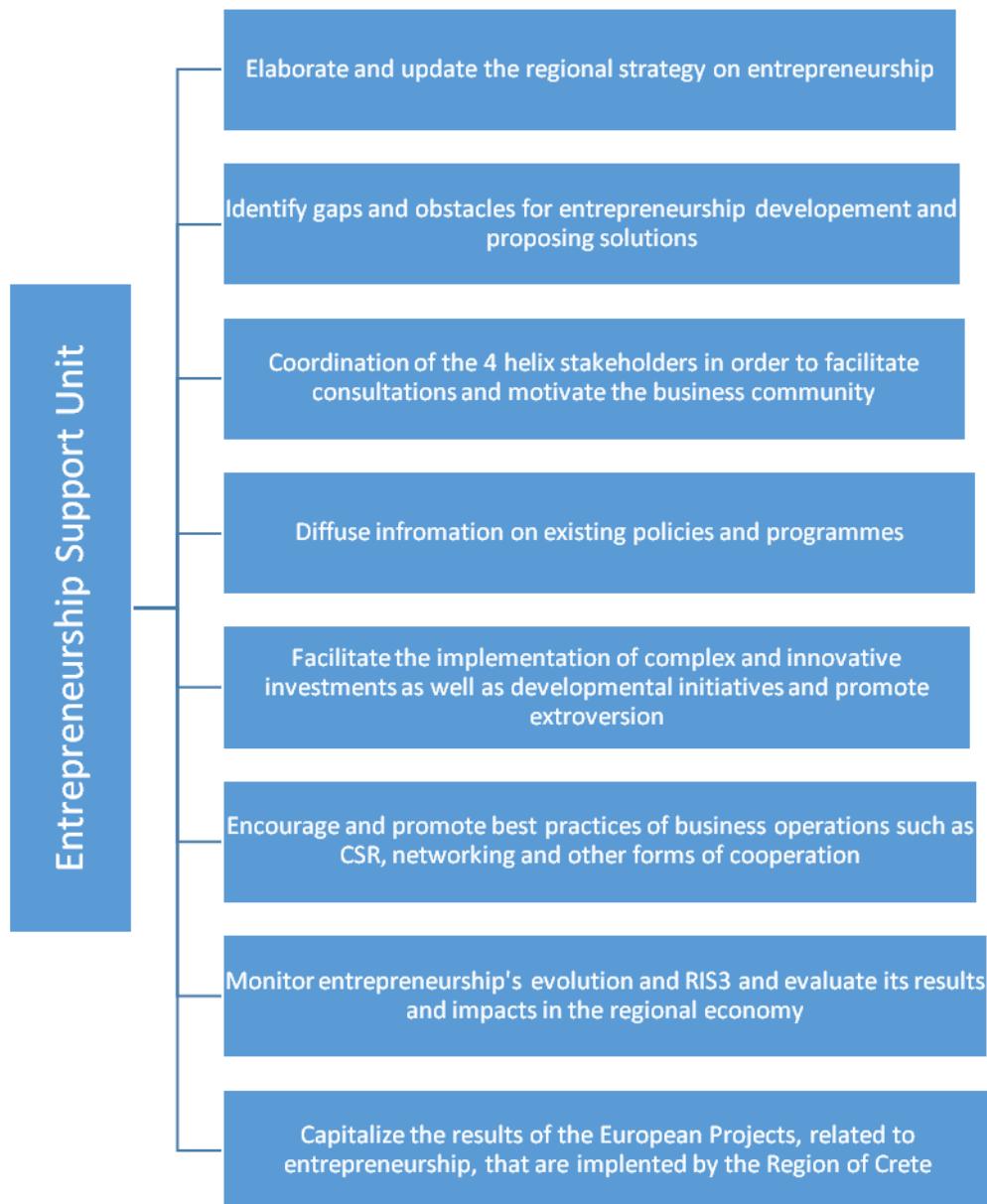
During Phase 1, Region of Crete organized 4 Regional Thematic Seminars in which members of the local stakeholders group participated actively. In addition, representatives of RoC and the local stakeholders group participated in the 4 Joint Thematic Seminars organized by Road -CSR partners. The main scope of these meetings was to exchange experiences and present best practices that could be transferred to other regions.

Action 1 is strongly motivated by Law 15/2010 of Corporate Social Responsibility and the CSR Observatory of the Government of Extremadura (ORSE), as a good practice and core lesson learned through the Road -CSR Project, as well as by the results of the field research and the thematic study on CSR integration.

The Observatory will be part of the “Entrepreneurship Support Unit” that is in the process of planning and organising by Region of Crete. This unit aims to inform companies, monitor entrepreneurship, help cooperation between companies, help cooperation of research and education establishments with companies, help innovation and promote all the aims of the Smart Specialisation Strategy. All the information will be organized on an electronic platform. In this context CSR is one of the factors

relevant to the competitiveness of companies in Crete and it is high on the agenda of the Crete Region.

The following diagram summarizes the services that will be provided by the “Entrepreneurship Support Unit”, as they were described in the “Study of the feasibility of creating a business development unit in Crete” conducted by Astiki Diahirisi, on June 2018.



4.1.2 Action

The services of the Action constitute a platform for creating synergies between different regional stakeholders interested in implementing corporate social responsibility principles. The Action will allow them to address their social, economic and environmental aims, whilst maximising their benefit. Value will be added by contributing to enterprises' capacity to report and their increased commitment to CSR. This will be materialised by providing know-how on issues related to corporate social responsibility to enhance SMEs' innovation and competitiveness.

The Observatory will open the dialogue so that stakeholders may further their commitment to corporate social responsibility. It will also provide them with examples of best practices, factoring in the regional particularities of the Region of Crete, training and reporting material. The observatory will make use of all the material produced by Road CSR, the stakeholders involved and the experience gained by the permanent staff currently working on the project.

❖ We propose that this role will be materialized through the following services:

- 1-1 Information on international trends in radical new or significantly improved corporate social responsibility standards and initiatives.
- 1-2 Information on international trends in corporate social responsibility reporting.
- 1-3 Information on good practices of corporate social responsibility.
- 1-4 Staff training specifically for the development of corporate social responsibility policies and reporting.
- 1-5 Organization of bilateral meetings in advance of international conferences, trade fairs and exhibitions.
- 1-6 Expert advice on the development of CSR practices

❖ Forms of action – How will the services be provided:

- A1-1 The Action will establish the Observatory of Business Innovation and Corporate Social Responsibility, that will encourage Cretan enterprises to adhere to these values and principles.
- A1-2 Then, the trends and best practices will continue to be monitored, so that businesses in Crete may follow these models in their own strategies.
- A1-3 In parallel, the SMEs will be motivated through workshops to widen their strategy horizons through the culture of innovation.
- A1-4 This promotion will lead to the design and implementation of more CSR initiatives and projects for enterprises operating in the Region of Crete.

- A1-5 Up-to-date publications such as studies, reports and observatories will raise awareness on these issues and will communicate the current best practices to a wider audience of relevant enterprises. This will also outwardly reflect the Region of Crete's commitment to society, sustainability, a circular economy and the environment.
- A1-6 Yearly recognition of the enterprises with the best corporate social responsibility practices.

All the material produced by the Road -CSR project will be utilized by the Observatory and especially the webtool for measuring CSR, that will be developed by Region of Crete through the implementation of the Pilot Action in the framework of the project.

The objective of Action 1 is to promote CSR, provide information and training material on CSR and monitor the integration of CSR in regional level.

4.1.3 Players involved

Type A: Firms. Firms are the final beneficiaries of the Observatory's services. They are also the main resource for collecting data and monitoring the integration of CSR and innovation.

Type B: Regional Development Agencies, Chambers of Commerce and Industry, Employers & Industrialists Regional Federations, Workers Regional Associations, Consumer Institution – Local Department. Type B players are important as they can influence policy making and could provoke their members to develop CSR practices.

Here the primary stakeholders are mentioned. Further stakeholders will be identified and invited to participate upon the launch of the Action.

4.1.4 Timeframe

- ❖ Phase 1: Preparation (six months). During phase 1 a Business Plan and Operation Regulation will be prepared
- ❖ Phase 2: Pilot operation (one year)
- ❖ Phase 3: Formal operation: continuous, Monitoring and capitalization process

4.1.5 Costs

<u>Type of cost</u>	<u>Amount in Euro</u>
Staff costs <i>The category includes costs for personnel employed for the implementation of</i>	

<i>the Action. These costs are related to (a) the regular staff employed by the organization; b) any temporary staff required for the implementation of the Action and is employed either under a fixed-term contract (full-time or part-time) or under a contract for the lease of a project.</i>	10.000,00
Costs for Research and Development <i>This category includes costs for research activities carried out by the organization through a service contract (subcontracting).</i>	20.000,00
Total	30.000,00

4.1.6 Funding sources

This Action is expected to be funded by Public Investment Programme.

4.2 Action 2: Establishment of a Memorandum of Understanding

4.2.1 The background

It is globally recognised that regional policies have an impact on the corporate social responsibility commitments of the enterprises that operate within their jurisdictions. National and regional policies are intrinsically linked to SME actions to further their corporate social responsibility objectives. As the results of the field research shows, SMEs in the Region of Crete believe that awareness of corporate social responsibility is relatively low, and therefore, they believe that support from the public authorities would be beneficial. The empirical study noted that awareness raising has been one of the weaknesses of the public authorities' practice so far; the establishment of a Memorandum of Understanding to set up a framework for their collaboration seeks to remedy this.

It is hoped that establishing a Memorandum of Understanding between public authorities to set up a framework through which to promote corporate social responsibility will contribute to an improvement in corporate social responsibility reporting and in SME commitment to it. By signing the Memorandum of Understanding, the public authorities agree to make corporate social responsibility a priority and to work towards its promotion, so that eventually it becomes the norm. Sustainability will reduce the strain on natural, human and economic resources and this will, in turn, boost the competitiveness of the region as a whole.

4.2.2 Action

The key service of the Action aims at ensuring that the public authorities coordinate their actions to promote corporate social responsibility within the Region of Crete. There are several different types of instruments that the public authorities can opt to implement to promote corporate social responsibility, ranging from tax breaks and awards to campaigns and training programmes; nonetheless, establishing their commitment is key.

- ❖ We propose that this role will be materialized through the following services:
 - 1-1 Publicising the public authorities' signature of the Memorandum of Understanding, so that enterprises are aware that it is happening, and so that it can increase the business attractiveness of the Region of Crete.
- ❖ Forms of action – How will the services be provided:
 - A1-1 The public authorities will negotiate the extent of their agreement and sign the Memorandum of Understanding.

-
- A1-2 Then, they will work towards setting up a framework for the promotion of CSR in the Region of Crete.
- A1-3 This will, in turn, create an environment where CSR projects are actively promoted and encouraged, and enterprises cease to view CSR as a difficulty, and instead as an opportunity.

The aim of the action is to develop a framework for cooperation and support of the stakeholders for the promotion and integration of CSR as a holistic approach to the management of SMEs as well as of the local bodies of the Region of Crete.

4.2.3 Players involved

Type A: The Chambers of Commerce and Industry, as the official representatives of enterprises, will be the first stakeholders that will be approached to sign the MoU.

Type B: Regional Development Agencies, Employers & Industrialists Regional Federations, Workers Regional Associations, Consumer Institution – Local Department, University of Crete, Technological Institute of Crete. Type B players will be part of development phase and could also sign the MoU in the future.

4.2.4 Timeframe

All the actions will take place in Phase 2.

Phase 1: Development of the Memorandum of Understanding between the public authorities.

Phase 2: Establishment and publication of a Memorandum of Understanding to construct a framework for the promotion of corporate social responsibility in Crete. Formal operation: continuous

4.2.5 Costs

Considering the Action involves public authorities agreeing a Memorandum of Understanding, no significant expenses can be identified. The only costs that may occur have to do with organizational costs (renting a room, catering services etc). These costs will not overcome the amount of 1.000€.

4.2.6 Funding sources

This Action is expected to be funded by Public Investment Programme.

Chapter 5: Monitoring and Impact of the Action Plan

The self-defined performance indicator in relation to the Regional Operational Programme of Crete & Public Investment Programme will be the percentage of SMEs incorporating and implementing CSR into their strategies.

Monitoring is a key part of the Action Plan, since it will evaluate the level of implementation and impact of each of the initiatives and policies detailed in this Action Plan. The Region of Crete will set up a Monitoring Committee that will consist of Partner's representatives and stakeholders involved in the proposed actions. Monitoring of the actions will be accomplished during the Action Plan's Monitoring Committee meetings, which have been planned for twice a year for phase 2 of the project. At each meeting, the relevant actors/stakeholders of each action will provide information about the steps taken and the progress made so far. The performance indicators that have been mentioned for each action will be taken into consideration, as well as any new relevant project, local, national or international.

Signature

Region of Crete agrees to support and promote the implementation of the plan detailed above. I confirm that I have the required authority of my organisation to do so and that the required authorisation process of my organisation has been duly carried out.

Date: 30.11.2018

Signature:

Name and position: Arnaoutakis Stavros, Regional Governor

Stamp of the organisation: