

# **Position of the Russian Union of Industrialists and Entrepreneurs (RUIE) On Responsible Business Practices and Non-Financial Reporting**

## **Preamble**

The primary task of Russian business – to uphold strong positions in the national and global economy through achieving greater efficiency and competitiveness on the basis of responsible entrepreneurship – also serves as a foundation for sustainable development of the country.

Responsible entrepreneurship implies a good balance of interests of shareholders, employees, consumers of goods and services, business partners, local communities and all others concerned. A strategy of corporate social responsibility needs to have a long-term basis which embraces the economic stability of businesses and timely payment of taxes, production of high-quality goods and services, fair competition, creation of effective jobs and safe working environment, staff development and assistance in the community development, establishment of honest relations with the parties concerned. This view of the principles of responsible business practices is set forth in the Social Charter of the Russian business, adopted on the initiative of the RUIE at the end of 2004<sup>1</sup>.

As a part of global businesses, the Russian business, by this Social Charter, demonstrates its adherence to the universally accepted concept of corporate responsibility. This Charter is in conformity with the key international agreements in the field of social development, and constitutes a kind of standard of responsible business practices for Russian companies.

## **Objectives**

By stating its position, the Russian Union of Industrialists and Entrepreneurs lays down a foundation for the coordination of attitudes and interests of various parties of a public dialogue on social responsibility. For the Russian businesses, social responsibility is not an opportunistic consideration, but rather a means for the progressive development of its operational practices, in line with the principles of the Social Charter as a basis for sustainable development of independent and responsible companies.

## **Approach adopted by the RUIE**

In determining its position with regards to the development of responsible business practices and non-financial accounting, the RUIE proceeds from understanding of the social role of entrepreneurship as follows:

- Business and entrepreneurship are a primary source of economic wealth and employment. Part and parcel of society, business has an obligation to act in a responsible manner, side by side with all the other members of the society.
- Business' contribution to social development is neither a supplement, nor a superstructure upon economic activity. Sustainable development of companies in both economic and social dimensions reduces business risks, strengthens competitiveness, promotes staff efficiency and consumer loyalty, enhances company reputation, amplifies the positive impact of the businesses on communities' economic and social

progress, which, in turn, creates opportunities for the implementation of long-term business development strategies.

- Constructive cooperation with civil society, an open dialogue and partnerships with various stakeholders, including consumer organizations, environmental groups, employees' organizations, as well as government agencies, is an essential element of responsible business activity and a contributing factor to its success. The relationship between business entities and state, and business entities and civil society, must be based on law.
- The participation of business community in resolving social problems cannot replace social obligations of the state. A clear understanding and delineation is required of social roles and responsibilities of business circles, state and individuals, and all these actors are expected to fully comply with their respective obligations.
- Corporate responsibility embraces a wide range of activities of businesses in economic, social and environmental spheres. It is based on compliance with the law, as well as on supplementary voluntary initiatives of companies, aspiring to contribute to social development.
- Social initiatives of business sector are varied, and are constantly evolving, subject to changing conditions and opportunities. Self-dependence, innovation and entrepreneurial spirit of each individual company, combined with reasonable and prudent corporate strategy of risk management, are the prerequisites of enhancing the businesses' contribution to the national development. Companies' voluntary activities beyond the scope of their legal obligations should not become a subject of regulation or standardization by government agencies, which would obstruct the initiative. Business expects the government to take effective measures to support responsible entrepreneurship – to create favorable conditions for the development of business activity and efficient social investments, to increase the number of partnerships between the state and businesses for addressing social problems, to recognize the results of companies' responsible activities.
- Greater transparency of corporate activities, dissemination of reliable information about the contribution by business community to social and economic development of the country, strengthen public trust in business. In a structured and consistent form, information on corporate responsibility is contained in companies' non-financial reports, which reflect economic, social and environmental impact of the entire scope of their business activities. Non-financial reports must be a voluntary activity by companies in pursuit of their own interests. The expansion of non-financial accounting contributes to a dialogue with various partners and society, while at the same time serving as an instrument for improvement of the systems of companies' internal management for sustainable development.
- The Social Charter of Russian business, which reflects the basic principles of responsible entrepreneurship practices, can serve as a platform for preparing non-financial reports, including those drawn on international standards. Amid globalization trends, world, non-financial reports provide are an extra opportunity for the Russian companies to integrate into the world economy.

Consistent and targeted support of responsible entrepreneurship and promotion of voluntary non-financial reporting by companies to confirm their sustainability, responsibility and

competitiveness, have a positive impact on the standing of individual companies and the business climate in the country, as well as improve the image of business community on the whole, thereby contributing to the process of reaching greater social consensus.

Approved by the Bureau of RUIE Board  
15 November, 2006

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<sup>1</sup> The Social Charter of Russian business was adopted by the XIV Conference of the Russian Union of Industrialists and Entrepreneurs (November 2004).