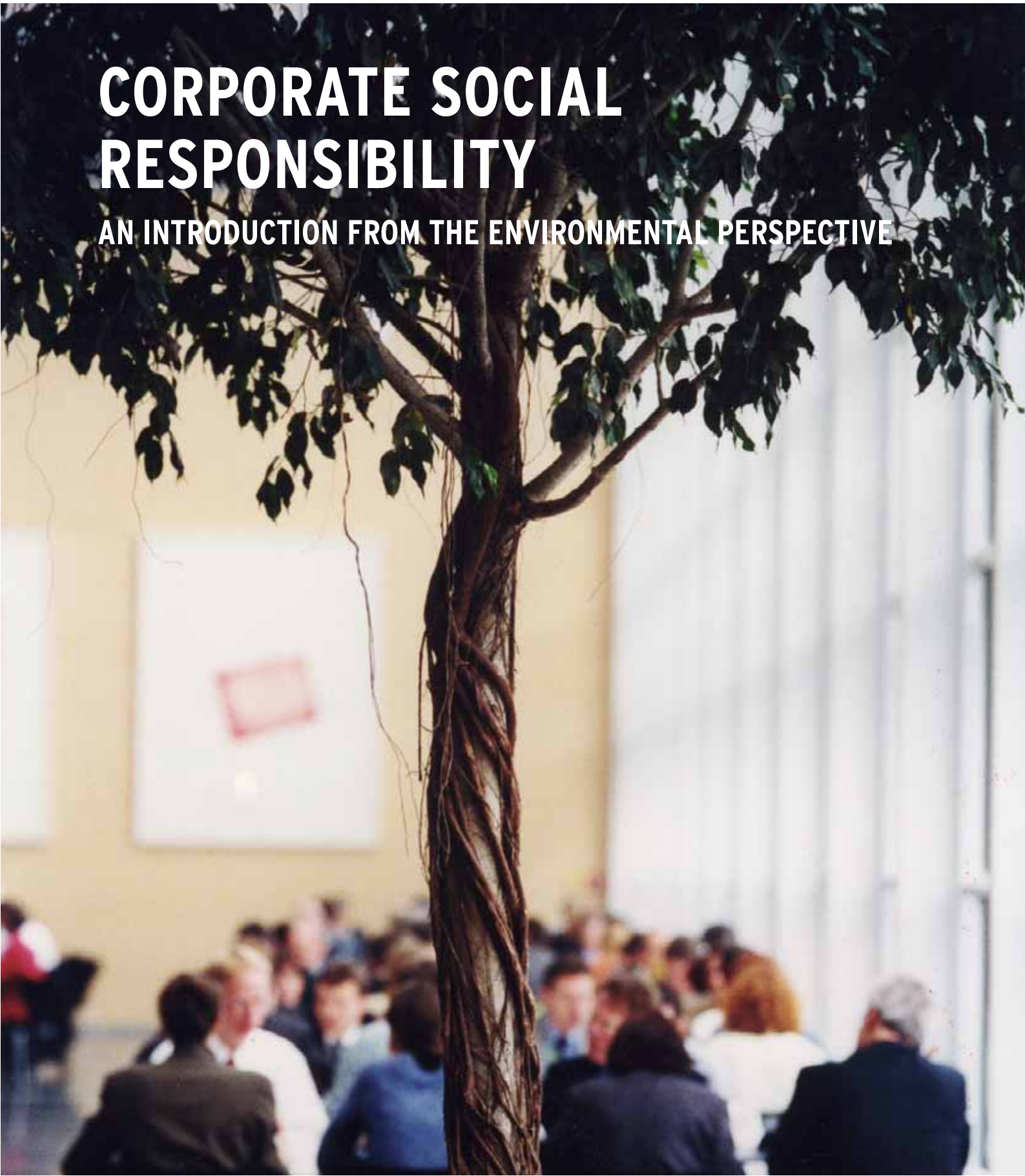




Federal Ministry for the
Environment, Nature Conservation
and Nuclear Safety

CORPORATE SOCIAL RESPONSIBILITY

AN INTRODUCTION FROM THE ENVIRONMENTAL PERSPECTIVE



Imprint

Publisher: Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
Public Relations Division
D-11055 Berlin
E-mail: service@bmu.bund.de
Internet: www.bmu.de

Project advisors: Peter Franz, Dr. Stefanie Pfahl
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

Editors: Sabine Braun
future e.V.
Ickstattstrasse 26
D-80469 München
E-mail: muenchen@future-ev.de
Internet: www.future-ev.de

Thomas Loew
Institute 4 Sustainability
Ystader Str. 11
D-10437 Berlin
E-mail: loew@4sustainability.org
Internet: www.4sustainability.org

Design: Artelier, München

Printing: Denkmayr Druck & Design, Holzkirchen

Photos: Cover: Falk Heller, München
Page 8, 9, 15: Photocase.com

Date: March 2006



DEAR READER,

Business affects all areas of life in society. How companies act has an enormous influence not just on the prospects of the individual, but also on the ability of society as a whole to realize its potential and shape a brighter future. Accordingly, entrepreneurial activity has always borne a pronounced responsibility for social develop-

ment. There is more to this responsibility, however, than shareholder value: companies are a part of society, and their conduct must address the totality of challenges with which society finds itself confronted. Expectations are growing as the public at large and, increasingly, the financial markets want to know not just what a company does with its profits, but also how it earns them.

A company that takes measures such as introducing environmental and sustainability management and regular sustainability reporting shows that it is ready to face up to these challenges. The future belongs to those companies that contribute actively to ethical and sustainable business leadership both in their home country and at their international sites: organizations fit for the future demonstrate sustainability leadership.

Corporate social responsibility (CSR) provides an intelligent way to combine economically viable development, social responsibility and conservation of natural resources. I encourage companies to embrace their responsibilities to society and the environment and to incorporate CSR into their business activities on a voluntary basis. Not only is this important for social cohesion, it is also good for business. After all, integrating CSR indisputably boosts acceptance of a company's operations and enhances its international reputation, and can also help it to open up fresh market opportunities, strengthen its innovative and competitive edge and create new jobs.

The German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety has conducted a dialogue on CSR with representatives of companies in the major sectors, labour unions, consumers, trade associations and non-governmental organizations in order to build a common understanding about how CSR strategies can be implemented and what society expects to see achieved. CSR, it emerged, has equally important social and ecological facets and can make a significant contribution to sustainable development.

This brochure is intended to put the case for a more ambitious interpretation of CSR and also to build a bridge between this more demanding concept and the familiar existing measures for operational and product-related environmental protection – an area in which German business in many cases serves as a role model. It highlights the issues companies have to address, from operational environmental protection to the consideration of employee interests and responsibility for the supply chain, if they wish to integrate CSR into their core business. Examples already exist of how companies might like to tackle CSR and how it can be integrated into corporate organizations. The brochure contains practical guidance based on the strategies already used by companies today to show how this broad spectrum of challenges can be managed efficiently. It is hoped that these models will inspire others to tread the same path.

I am convinced that rigorous CSR deserves a place in any good corporate management system and that in future companies will have to learn to manage their performance in this area systematically simply in order to remain competitive. Finally, if the political sphere and society as a whole are to have confidence in the achievements reported, a company must ensure that whatever steps it takes to manage CSR are transparent and verifiable.

Sigmar Gabriel
German Federal Minister for the Environment, Nature Conservation and Nuclear Safety

CONTENTS

▶ SOCIAL RESPONSIBILITY OF COMPANIES AND THE ROLE OF ENVIRONMENTAL MANAGEMENT	05
Roots of CSR	
Environmental protection and sustainability	
European view of CSR	
CSR in Germany	
Areas of action for companies	
Sharing responsibilities, creating obligations	
▶ OBSERVING STRINGENT PRINCIPLES	09
The OECD Guidelines for Multinational Enterprises	
A binding and reliable framework	
A practical aid for CSR management	
The OECD Guidelines as a minimum standard	
▶ DESIGNING CSR MANAGEMENT	11
Establishment within the organisation	
Creating principles and a program	
Organising CSR and involving employee representatives	
▶ OPERATING RESPONSIBLY ALONG THE SUPPLY CHAIN	12
Codes of conduct and their limitations	
The advantage of sector-specific solutions	
Making a contribution to global governance	
▶ BUILDING TRUST THROUGH COMMUNICATION	13
Dialog with stakeholders	
Reporting requirements	
Capital market – a key target group	
Presenting achievements and providing transparency	
▶ CONCLUSIONS	14

SOCIAL RESPONSIBILITY OF COMPANIES AND THE ROLE OF ENVIRONMENTAL MANAGEMENT

One of the many effects of globalisation on national economic and social systems and the public at large is raised expectations in the area of responsible business practices. Customers and consumers, investors, employees, the authorities, business partners, non-governmental organisations and other stakeholders now demand that companies take responsibility for the consequences of their actions.

As well as meeting the expectations of their stakeholders, companies that make real achievements in protecting the environment, ensuring the wellbeing of their employees and helping our society to develop sustainably are also serving their own immediate vital interests. They make themselves fit for the challenges of the future. Rapid change is the only constant in today's business environment. Key factors such as sales and procurement markets and population characteristics are evolving continuously. Companies that adjust to these developments and the associated expectations in their operating environment at an early stage promote acceptance of their actions, gain new competitive advantages and reduce their risk exposure. All this ultimately helps to safeguard their continued existence.

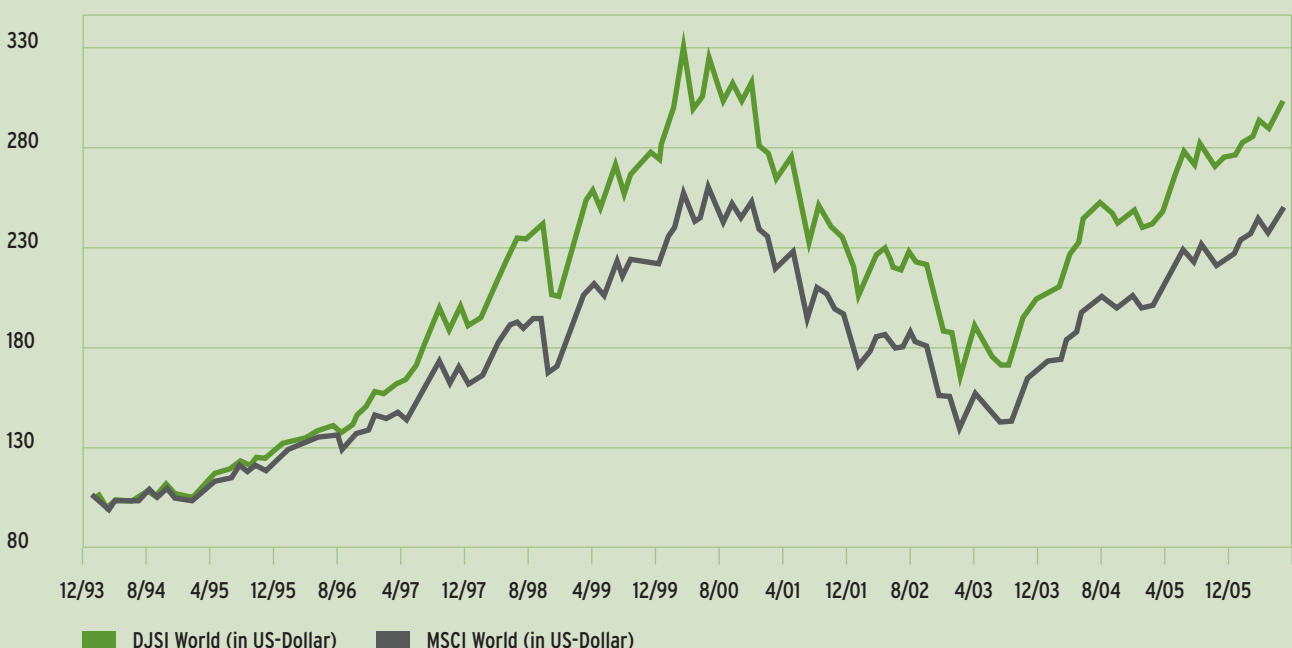
Hence a company's performance in sustainability matters has a material impact on its prospects for long-term commercial success. Today expectations of company management are much higher than they were 10 to 15 years ago. A poor assessment of sustainability performance is increasingly seen as evidence that management is indifferent to "non-financial issues" and therefore more susceptible to potential commercial risks.

Mindful of these changes, the financial markets too are beginning to pay more attention to concepts such as corporate social responsibility (CSR), sustainability and socially responsible investment (SRI). Also the outperformance of a number of SRI indexes is encouraging more and more conventional investors to also consider social and ecological company assessments as a way of further reducing their investment risk.

Roots of CSR

The notion of CSR originates essentially from the voluntary actions taken by concerned company owners in the industrialised world from the end of the 19th century. They reacted to social abuses and the associated demands of labour movements. Forward-looking indus-

→ ABOVE-AVERAGE PERFORMANCE OF THE DOW JONES SUSTAINABILITY INDEX



trialists built homes and hospitals to improve the living conditions of their workers, in the process promoting motivation and reducing employee turnover.

In the 1980s companies in the UK began to introduce voluntary social measures following the rapid rise in unemployment triggered by the initial effects of the Thatcher government's economic policy. Rioting among unemployed youths in British cities led companies to take a closer interest in the country's social stability and to become involved in improving living conditions in their local area. Today British companies pay close attention to the needs and demands of the various different groups in society when considering their responsibilities and exploring ways to generate trust and acceptance.

Environmental protection and sustainability

Protecting the environment began to emerge as one of the most pressing matters of concern to society as a whole in Germany at the end of the 1970s. The business community's response really picked up at the start of the 1990s, with large companies in particular beginning to publish voluntary environmental reports and life cycle assessments in an attempt to meet society's rising expectations.

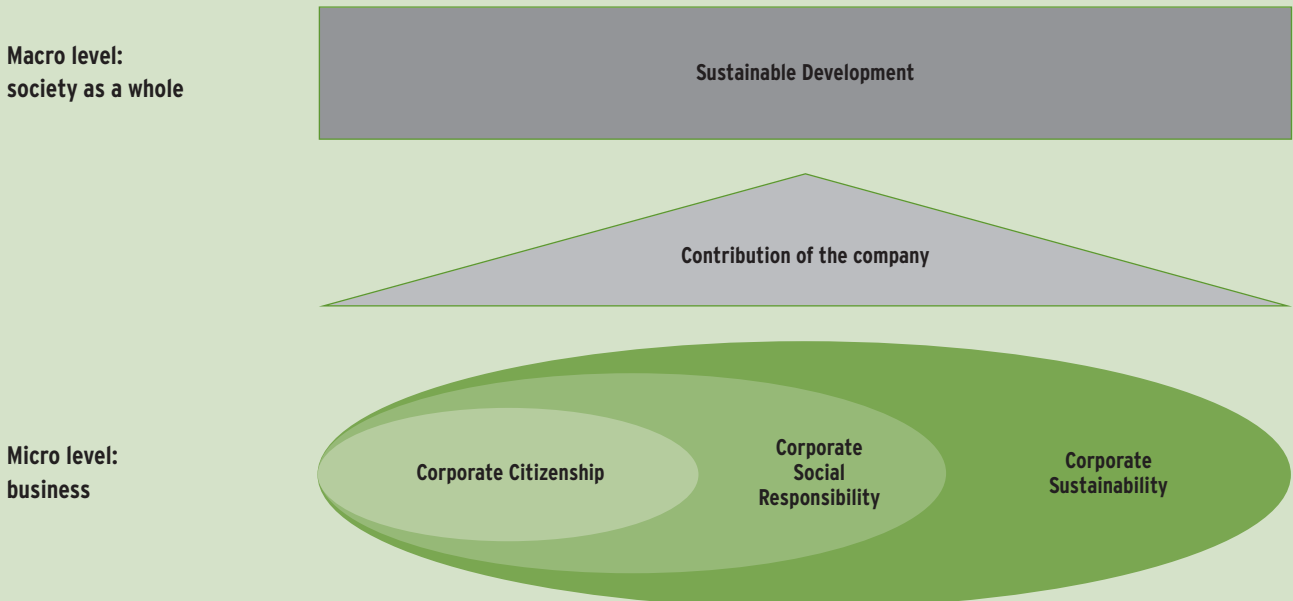
During the 1990s more than 3000 German companies set up an environmental management system based on the European Eco-Management and Audit System (EMAS). Soon many of the country's more environmentally committed companies were attracted to the principles of sustainability as a strategy for conserving resources and safeguarding their future prospects.

European view of CSR

Recognising that for some of the world's most pressing ecological and social problems regulation is an inefficient or even wholly ineffective tool, the European Commission has increasingly sought to promote voluntary business initiative. The Commission therefore incorporated CSR into a formal new policy approach. The Commission describes CSR in its Green Paper of 2001 as a concept, "Whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

The European Commission's view of CSR encompasses all voluntary actions through which companies contribute to sustainable development in their core business (see figure). These include first and foremost activities over and above legal requirements in the areas of

→ **CSR AND SUSTAINABLE DEVELOPMENT**



Source: Loew et. al 2004

→ AREAS OF ACTION FOR CSR

Governance and management systems	Vision and strategy	
	Communication with internal and external stakeholders	
	Environmental management	Management of the social areas of action of CSR
Areas of CSR activity in central business processes	Operational environmental protection	Interests of employees
	Environmental protection in the supply chain	Working conditions and human rights in the supply chain
	Ecological product responsibility/ integrated product policy	Consumer protection and customer interests
Areas of CSR activity outside central business processes	Involvement in shaping the regulatory framework (including lobbying), combating corruption	Commitment to the community: charitable giving, sponsorship, employee release for volunteering, etc.

working conditions and environmental protection. In business praxis CSR thus amounts to essentially the same thing as sustainability management. CSR also includes charitable giving, sponsorship, support for not-for-profit foundations and releasing employees for voluntary work in community and social projects. Such activities, usually referred to as corporate citizenship, are part but not the core of CSR.

CSR in Germany

The German Federal Government, the majority of German trade associations and the country's trade unions essentially agree with the European Commission's definition of CSR. The way that companies implement and communicate CSR in practice, however, indicates that actual understandings of the concept vary, and companies often take a selective approach that emphasises just charitable activities or working conditions in the supply chain.

This is somewhat surprising, as German companies actually measure up particularly well against the comprehensive CSR concept. Environmental protection and the country's comparatively demanding social legislation have always been key drivers of continuous improvement processes at German companies. These processes focus on the requirements of stakeholders and legislators alike. As a consequence most German companies already have the foundations for implementing a comprehensive CSR concept in place. And indeed many have already made exemplary progress.

The environmental management systems already established give companies an ideal platform from which to take up the CSR approach and integrate it into their corporate strategy. Seizing this opportunity offers a chance to stand out in the competitive international marketplace as an especially trustworthy and innovative partner.



Areas of action for companies

The ultimate purpose of a corporate CSR policy is to develop innovative, economically viable and precautionary solutions within core business processes to improve environmental protection and working conditions. In order to satisfy the expectations of society and to be truly credible the company-specific CSR policy must cover all areas and functions of the company. Strategic consideration of the societal role of companies can facilitate and simplify the necessary enhancements to core business processes. CSR consists essentially of

- operational environmental protection,
- taking account of employee interests,
- addressing environmental protection and humane working conditions in the supply chain,
- an integrated product policy, and
- consumer protection (see figure).

Companies may also exercise responsibility for their social and natural environment beyond their core business processes. This wider responsibility can include not just charitable and social commitments, but also contributions in the public interest to the regulatory framework, for example through constructive collaboration with the authorities on the development of laws and standards, or rigorous measures to prevent corruption and bribery.

Effective sustainable corporate management requires that the activities undertaken in the various areas of action be managed and coordinated systematically. The long-established environmental management systems, such as EMAS already provide a solid platform for this task in the area of environmental protection.

Therefore it is often the environmental department that is entrusted with coordinating CSR in a company. Some companies, on the other hand, have chosen to approach CSR from the social angle and have placed overall responsibility for coordination in the hands of the human resources department or the diversity management team.

Sharing responsibilities, creating obligations

The ongoing process of economic globalisation and the emergence of new commercial and technological capabilities have shifted the balance between governments and business. Individual nation states have become less able to shape developments in the world of business, whereas companies now have more influence than ever.

Hand in hand with this new influence come new obligations. Companies now face growing pressure to commit explicitly to voluntary measures for the environment and society on top of legal requirements. They are required to accept their responsibilities beyond the factory gate and the frontiers of their home country. Only by embracing these wider responsibilities can companies help to construct a sound footing for the joint business/state activities needed to bring about the sustainable future economic and social development so essential to business and society alike.

Further information:

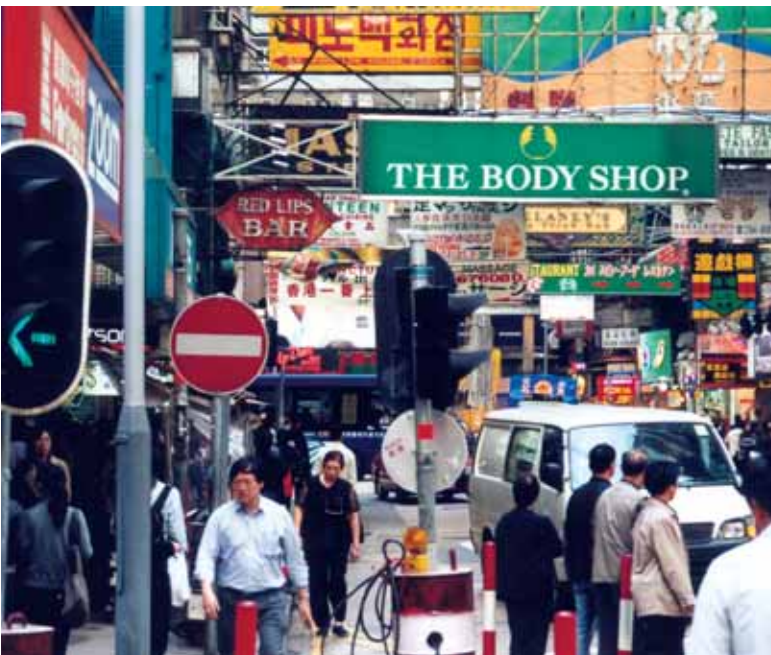
- ▶ European Multistakeholder Forum on CSR (ed.): Final Results and Recommendations (download): http://europa.eu.int/comm/employment_social/soc-dial/csr/
- ▶ European Commission (ed.): Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility (download): <http://europa.eu.int/comm/enterprise/csr/policy.htm>
- ▶ Loew, T.; Ankele, K.; Braun, S.; Clausen, J.: Significance of the CSR Debate for Sustainability and the Requirements for Companies, Berlin, Münster (download): www.4sustainability.org

OBSERVING STRINGENT PRINCIPLES

Companies wishing to sign up to a set of principles or guidelines for societal responsibility already have quite a few options, including the ten principles of the UN Global Compact and the Global Sullivan Principles. Recognition under these two agreements is open to any company worldwide. There are also sector- or country-specific principles such as the chemical industry's Responsible Care principles and the CSR guidelines of the Austrian business community.

The OECD Guidelines for Multinational Enterprises

The most elaborated and comprehensive set of principles available are the Guidelines for Multinational Enterprises published by the Organization for Economic Co-operation and Development (OECD). Updated in 2000, the Guidelines contain recommendations concerning companies' central areas of responsibility.



A binding and reliable framework

The OECD Guidelines differ from other specifications such as the Global Compact principles in that they provide significantly more detail and include suggestions regarding practical implementation. Recognised by all 30 OECD member states and by – at the last count – nine non-member states, the OECD Guidelines represent the only comprehensive multilateral code of conduct for responsible business. Germany, in common with the other OECD states, has given a formal undertaking to support and promote the Guidelines.

Content of the OECD Guidelines for Multinational Enterprises

- ▶ **General policies:** sustainable development, respect for human rights, encouragement of local capacity building, etc.
- ▶ **Disclosure:** publication of an annual report, disclosure of information about social and environmental issues, etc.
- ▶ **Employment and industrial relations:** compliance with the principal standards for working conditions issued by the International Labour Organization (ILO), etc.
- ▶ **Environment:** establishment of environmental management systems, assured transparent environmental reporting, adoption of a precautionary approach, etc.
- ▶ **Combating bribery:** rejection of bribes, transparency concerning measures to combat bribery, etc.
- ▶ **Consumer interests:** ensuring fair business, marketing and advertising practices and the safety and quality of goods and services, etc.
- ▶ **Science and technology:** protection of intellectual property rights, transfer of know-how
- ▶ **Competition:** compliance with the rules of fair competition, avoidance of anti-competitive agreements, etc.
- ▶ **Taxation:** contribution to the public finances of host countries, compliance with tax law, etc. (download): www.oecd.org/env/investment

Official recognition at government level and the possibility of recourse to national contact points in the event of infringements make the Guidelines considerably more authoritative than most other sets of principles. The national contact points, in most countries based in the ministry responsible for economic policy, provide impartial mediation in conflicts between business and non-governmental organisations.

A practical aid for CSR management

No company has any obligation to sign up to the OECD Guidelines, and their explicit emphasis on multinational enterprises means that they are still largely unknown among small and midsize enterprises and companies

DESIGNING CSR MANAGEMENT

The clear and lasting commitment of senior management is essential for a demanding CSR performance. Its commitment also determines how consistently the necessary organisational structure is realised.

Establishment within the organisation

CSR is a genuinely interdisciplinary issue with implications for a number of different areas of action and hence for a range of different corporate organisational units (human resources, purchasing, production, etc.). This means that it can only be integrated into a company's core business processes effectively if the units concerned support and endorse the measures planned. Responsibility for the central coordination of CSR tasks usually rests with a CSR (or sustainability) department and an interdisciplinary body (for example a sustainability council or CR committee) staffed by representatives from different parts of the company and/or subsidiary companies. Coordination will be most efficient if a specific contact person is clearly nominated for each area of the company and, where applicable, each subsidiary company. The existing environmental management system should be incorporated as a central pillar of the coordinating structure.

The most reliable way to establish CSR firmly in the management of large companies is to assign overall responsibility for CSR to a single member of the board. This provides the coordinating CSR department with direct access to the company's senior management and speeds up operational decision-making.

Creating principles and a program

A company must integrate specific and binding environmental, social and ethical values into its strategy and objectives if it is to achieve anything beyond image polishing and reputation management. These values are best integrated by drawing up a corresponding set of principles or adding them to the company's existing corporate principles. This act helps to establish CSR in the organisation, as the process of agreeing company-specific CSR values usually triggers intensive discussion across the relevant levels of management and raises awareness among all of those involved.

A CSR program with concrete objectives and measures is an essential precursor to the initiation and maintenance of continuous improvement processes. An agreed program serves as an important coordination tool for the company's CSR managers. It also helps to ensure right across the organisation that good intentions are not snuffed out by the pressures of day to day business.

An ambitious CSR program, moreover, sends the strongest possible message to employees, shareholders, customers and critical stakeholder groups that the company takes its duties to the environment and society seriously. Once the CSR principles and program are in place, a suitable monitoring system needs to be established to make sure they are implemented as envisaged. This voluntary approach to self- and external supervision has proved to be effective in practice and also encourages organisational learning processes.

Organising CSR and involving employee representatives

Ideally, socially and environmentally responsible decision-making should be integrated into business processes in a way that allows the company not only to avoid risks, but also to seize the available opportunities for sustainable development, and this means managing CSR requirements systematically. It is not enough simply to put the relevant organisational workflows in place: companies must be prepared to provide the necessary personnel and resources as well.

Environmental management fulfils a similar interdisciplinary function to CSR, so developing a CSR organisation out of the existing environmental management system can be a good option for companies with corresponding environmental concerns. The European Eco-Management and Audit Scheme (EMAS) is a particularly suitable vehicle for this.

The employment conditions of a company's own workforce and, increasingly, of their suppliers' workers, represent one of the most important areas of CSR activity. Along with specialists from the human resources departments, employee representatives are the "natural" experts in this field, and should thus be brought into employee-related CSR projects.

Further information:

- ▶ Loew, T.; Braun, S.: Organisatorische Umsetzung von CSR. Vom Umweltmanagementsystem zur Sustainable Corporate Governance? (Organisational implementation of CSR: From environmental management system to Sustainable Corporate Governance?) (download): www.4sustainability.org
- ▶ VDI Guideline: Sustainable management in small and medium-sized enterprises; Guidance notes for sustainable management Available for purchase from: www.vdi.de

OPERATING RESPONSIBLY ALONG THE SUPPLY CHAIN

Ecologically and socially reprehensible practices in the supply chains of the retail sector and major industrial companies are nothing new: the use of child labour in rug manufacturing, unsustainable logging of ecologically valuable forests and unfair pay in tea, coffee and cocoa production and the clothing industry, for example, have all been acknowledged for some time.

But the intense competition triggered by the globalisation of markets has placed companies under greater commercial pressure than ever. Concerned at the prospect of companies trying to improve their own outlook at the expense of those least able to defend themselves, non-governmental organisations and critical customers have responded by urging large corporations in particular to recognise their responsibilities throughout the supply chain. Accordingly companies are increasingly expected to ensure that working conditions for employees or sub-contractors are humane and that no serious harm is caused to the environment. Progress has been made in a number of sectors including the textile and paper products industries, usually triggered by the campaigns of non-governmental organisations. These sectors have now adopted approaches to improve working conditions and environmental protection in the supply chain.

The profile of supply chain management as a business concept has risen steadily over the same period. Companies, especially the major branded goods manufacturers, now recognise the potential threat to their reputation posed by campaigns of non-governmental organisations. Therefore they are beginning to analyse their supply chains for ethical and environmental shortcomings and protect themselves by extending their responsible approach to suppliers. Significantly, these activities can help to avert traditional business risks such as supplier and financial risks.

Codes of conduct and their limitations

At the heart of most CSR solutions sits a code of conduct. Some companies first developed their own code of conduct to be applied within their own operations. They later extended it to their suppliers. In some sectors codes of conduct specifically for application to the supply chain are developed. The Round Table Codes of Conduct initiated by the German Federal Ministry for Economic Cooperation and Development (BMZ) has elaborated a guideline to help business to draft supplier codes of conduct. It is not sufficient, however, merely to publish a code of conduct: implementation of the code over the long term must be assured if it is to prove

effective. Some companies integrate requirements relating to the code of conduct into their standard supplier quality audits. Others have set up separate audit teams especially for this purpose or engage external auditors.

The first really cogent business model was developed by the Foreign Trade Association of German Retailers (AVE) in collaboration with a number of companies from the sector. The model is based on a common code of conduct, and compliance has been verified since 2003 by jointly funded teams of auditors. The AVE's solution has been proved to be efficient in a number of respects. Therefore it has now been transformed into the international Business Social Compliance Initiative (BSCI).

The advantage of sector solutions

Similar effective solutions developed to meet the specific requirements of a particular business ought also to be sought in other sectors. However this should not dissuade a company from developing its own approach if there is no sign of agreement in its sector.

Making a contribution to global governance

Compliance with the conditions defined by the ILO and with environmental standards is of course primarily the responsibility of the individual suppliers in the countries concerned. Corresponding laws already exist in a great many cases, but the relevant authorities often fail to provide adequate enforcement. This creates an intolerable situation for international companies, not least because of the risks to which it exposes them. Therefore they should have a strong incentive to push, together with governments and international institutions like the United Nations, for improvements such as more rigorous compliance and improved law enforcement in the countries concerned.

Further information:

- ▶ Round Table Codes of Conduct (ed.): Codes of Conduct on Social Standards (download): www.coc-runder-tisch.de
- ▶ Loew, T.: CSR in der Supply Chain. Herausforderungen und Ansatzpunkte für Unternehmen (CSR in the Supply Chain: Challenges and Starting-Points for Companies) (download): www.4sustainability.org
- ▶ Business Social Compliance Initiative: www.bsci-eu.org

BUILDING TRUST THROUGH COMMUNICATION

A host of large companies publish regular reports about their impact on the environment and society and their associated activities to improve performance. The titles given to these publications vary. Some call them “sustainability report”, some “corporate responsibility report” and some “environmental” or “social report”. But they all serve essentially the same purpose, namely to enhance public confidence in the business activities of the company by providing a regular supply of comprehensive and transparent information. Even some small and medium sized companies publish regular environmental statements or sometimes full sustainability reports.

Dialog with stakeholders

A company’s stakeholders have high expectations regarding its ecological and social responsibilities. Hence CSR management must provide consistent processes to bring business operations in line with both external requirements and its internal policies. The purpose of reporting is to make the consistency of measures and their results transparent to the stakeholder groups. To achieve credibility, reporting must be of a high standard and must tackle the primary areas of concern of the relevant stakeholders.

Clearly a company must understand the concerns of its stakeholders if it is to produce satisfactory reports. This means entering into a more intensive dialog with stakeholders. Companies should canvass and evaluate stakeholder requirements regularly to identify any areas in need of attention. Increased awareness of external perspectives when refining the corporate strategy can help a company to recognise risks and opportunities at an early stage too. A similar effect occurs when writing a report: the necessary analysis of the CSR performance usually highlights shortcomings and inspires improvements.

Reporting requirements

The Global Reporting Initiative (GRI) has developed guidelines for the preparation of CSR and sustainability reports that have already been used by numerous major companies around the world. Germany’s future e.V. and Institute for Ecological Economy Research (IÖW) have also set out requirements for good CSR and sustainability reports. Their requirements are used for compiling report rankings. Both sets of requirements constitute a recognised and necessary yardstick for reporting. They cover large parts of the OECD Guidelines as well as the CSR areas of action introduced in the first chapter. Companies that draw up their reports in

line with these two sets of requirements achieve greater credibility in the public eye, and, thanks to the demanding and systematic procedure involved, also realise internal improvements for their organisation.

Capital market - a key target group

Analysts and investors have become an important target group and now demand detailed information from companies concerning their performance on sustainability matters. They have recognised that sustainability management can do much to minimise risks and increasingly refer to ecological, social and ethical factors when issuing investment recommendations. Companies that have integrated CSR systematically in their management and that can rely on their well developed sustainability reporting system are able to respond faster and more impressively when such queries are received by their investor relations department.

Presenting achievements and providing transparency

Almost two thirds of Germany’s 150 largest companies still provide no information about their environmental and social footprint. However, if a large company with thousands of employees, numerous sites and a high throughput of resources wants to take its responsibility to the environment and society seriously it should make its CSR performance transparent and not fear comparisons with others. Regular, comprehensive and thorough sustainability reports are the core of serious CSR communication.

Further information:

- ▶ Global Reporting Initiative (ed.): G3 Sustainability Reporting Guidelines (download): www.globalreporting.org
- ▶ future e.V., IÖW (eds.): Kriterien und Bewertungsskala zur Beurteilung von Nachhaltigkeitsberichten (Criteria and rating scales for use in evaluating sustainability reports) (download): www.ranking-nachhaltigkeitsberichte.de

CONCLUSIONS

Globalisation has increased the influence of companies on the development of national economies while at the same time the capacity of national governments to shape development is declining. Therefore, public pressure on companies to ensure that they act in a responsible manner is increasing.

The political community sees the CSR concept as a way to encourage and assist business to take on this challenge. CSR, furthermore, can do much to help a company boost its long-term competitiveness and already is a vital element of “good corporate governance”.

In principle, embracing CSR does not necessarily entail new or additional duties for companies, as CSR essentially builds on existing concepts of responsible business behaviour such as sustainability management, environmental management and integrated product policy.

The key factors are as follows:

- Although CSR centres on voluntary measures, this does not mean that it is arbitrary and aimless – indeed it is very much in the company’s own interests to make sure that its CSR policy is credible and effective.
- CSR needs to be established strategically within the organisation and incorporated into a systematic management regime so that opportunities can be exploited and risks avoided.
- Companies must realise that it is in their own interest to establish a CSR system that tackles the ecological and social issues in their core business processes and helps to generate solutions.

Even though the discussion of the CSR concept is currently limited predominantly to large companies it also has much to offer small and medium-sized companies. They can consider the ideas and suggestions put forward by CSR concepts and adjust them to their own requirements.

The European Eco-Management and Audit Scheme (EMAS) can serve as a suitable platform for systematic CSR management. Systematic programs with targets and measures, guidelines and internal and external audits are becoming increasingly significant when judging the efficiency and credibility of commercial activities.

All companies are recommended to pay more attention to the OECD Guidelines. These principles, which unfortunately are neglected all too often in the business community at the moment, provide a reliable and valuable framework for thorough CSR management.



Contact:

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

Public Relations Division

D-11055 Berlin

Fax: +49 (1888) 3 05 - 20 44

E-mail: service@bmu.bund.de

Internet: www.bmu.de