

**National Strategy
for Corporate Social Responsibility
– Action Plan for CSR –
of the German Federal Government**

Berlin, 6th October 2010

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Foreword



Dear Reader,

A company gives employees time off to mentor kids at school. A newspaper solicits help for people who have fallen on hard times through no fault of their own. An enterprise awards a technology prize for young inventors, another generates electricity from waste heat. Examples like these can be found throughout Germany. In ways visible to all or unbeknownst to the public, businesses are helping improve society.

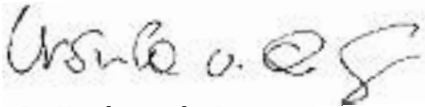
I am pleased about this explicit commitment to social and environmental responsibility, and the drive to put it into practice. Corporate social responsibility, also known by its acronym CSR, benefits society as a whole and also pays off for the companies practising it. The German government wants to foster this positive development to the best of its ability. With this in mind, it adopted the National Strategy for Corporate Social Responsibility in the autumn of 2010.

The Action Plan for CSR is the product of a joint process which was coordinated by the Federal Ministry of Labour and Social Affairs and the National CSR Forum. Representatives from business, the political sector, unions, the research community, non-governmental organisations and international organisations support the Action Plan for CSR. This broad consensus is an achievement for which I would like to thank all parties involved.

With this step, these players have underscored the importance of this subject and, at the same time, expressed their determination to continue developing the role CSR plays in Germany. The objectives are clearly defined: We want to strengthen the good examples, create incentives for assuming corporate social responsibility and offer assistance with implementing the CSR approach in day-to-day business. We particularly want to help small and medium-sized enterprises incorporate corporate citizenship in strategic ways into their core business.

Pointing out where corporate involvement would be sensible and constructive, providing guidance, bundling activities, building networks and recommending good examples worth emulating. The most important message is: Corporate social responsibility is worth everyone's while. Let's do our best to put it to use!

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ursula v. d. L.' followed by a stylized flourish.

Dr. Ursula von der Leyen
Federal Minister of Labour and Social Affairs

1. Preliminary remarks

The development of a national strategy to promote corporate social responsibility (CSR) was undertaken with the aim of making a contribution to meeting the core challenges facing us in the globalised world of the 21st century. In Germany, corporate social responsibility is a fundamental element in the country's social market economy system. The National CSR Strategy now has the task of developing a framework that focuses on allowing market forces to develop and, at the same time, seeks to square freedom of action with the active assumption of responsibility. This is intended to support the economically-stable, socially-equitable and environmentally-compatible development of business.

Corporate social responsibility is not however a substitute for political action. Rather, it augments the responsibility borne by the political sector and civil society and goes beyond what is required by law. The reason: Tapping the potential CSR offers requires the combined efforts of society as a whole. Neither the political sector nor business nor civil society is able to master the enormous challenges of our times single-handedly. In today's increasingly globalised world, the limits of individual action are quickly reached.

The term 'corporate social responsibility' stands for responsible business practices in the respective company's actual core business. It is the designation for an integrated corporate concept that encompasses all the social, environmental and economic contributions a company makes as part of its voluntary assumption of social responsibility which goes beyond compliance with laws and regulations and incorporates interaction with stakeholders.¹

Parallel to the National CSR Strategy ("Action Plan for CSR"), the German government is developing a national engagement strategy aimed at fostering civic engagement. One area of civic engagement is corporate citizenship (CC): the civic involvement on the part of and in enterprises which are active as 'good citizens' following the principle of responsible conduct and above and beyond the individual company's actual business operations for the good of civil society and in societal, environmental and cultural causes.

¹ This corresponds to the definition of CSR used by the European Commission. See the "Green Paper Promoting a European framework for Corporate Social Responsibility", Brussels 18 July 2001, COM (2001) 366 final.

Germany has a diverse and broadly ramified landscape of CSR initiatives, networks and competitions. While some of these are government activities, the majority have been organised by the private sector and civil society themselves. Successful corporate social responsibility requires committed enterprises which integrate CSR into their business strategies, a dynamic civil society that calls for and rewards CSR, and active public policies that formulate societal aims and establish a positive environment for CSR. Corporate social responsibility is voluntary but not arbitrary. When all societal groups shoulder their responsibility it will be possible to meet global challenges together to the mutual advantage of economic, social and environmental goals. This triad is the key concept behind CSR.

The voluntary CSR activities pursued by enterprises in Germany build on the comparatively stringent requirements that are stipulated in statutory social and environmental standards and/or in collective agreements. Responsible, global environmental and social policies that go beyond these legal and collectively-agreed requirements are already an integral part of the business strategies of many enterprises today.

These enterprises have optimised the social and environmental aspects of their business operations on a targeted basis and are making a contribution to meeting national and global societal challenges. It is important that corporate social responsibility be seen as a continuing, long-term task: Business strategies can be constructive, innovative and financially successful only when they are systematically planned and geared to the long term.

When assuming social responsibility, enterprises are frequently guided by international instruments and initiatives. The OECD's Guidelines for Multinational Enterprises, the ILO's Tripartite Declaration on Multinational Enterprises and Social Policy, and the United Nations Global Compact already serve many companies as benchmarks and guidelines. However, the discussion on corporate social responsibility revolves not only around multinational corporations but also focuses on small and medium-sized enterprises (SMEs) with international operations. In addition, SMEs' civic engagement at regional and local levels means that they also have a significant influence on the economic, social and cultural

development of Germany's towns and cities.

The German government developed the Action Plan for CSR with the aim of strengthening and increasing corporate social responsibility on the part of enterprises and public institutions in Germany. It is important here to support responsible enterprises in their role as role models, create further incentives for assuming social responsibility, and provide assistance for implementing CSR in everyday business conduct. This can boost acceptance of the social market economy system in Germany. Furthermore, the German government will continue to promote corporate responsibility internationally as well. In this connection, it is vital that Germany works together with its partner countries to improve the parameters for responsible entrepreneurship and enhance cooperation between government and business.

In its capacity as the lead ministry, the Federal Ministry of Labour and Social Affairs coordinated the process of developing the National CSR Strategy and merged the results in the Action Plan for CSR. The Action Plan builds on existing initiatives and networks that have been launched by the federal government, private sector and civil society. It also ties in with national and international efforts to foster CSR in connection with sustainable development. The Action Plan thus makes an important contribution to the implementation in Germany of the German government's National Strategy for Sustainable Development² and to translating the guiding principle of sustainable development into practice in international relations and processes.

Germany's CSR strategy was developed in the context of the European Union's long-term Europe 2020 strategy. Europe 2020 outlines how the European Union can emerge stronger from the current crisis and continue following the path to building a smart, sustainable and inclusive economic area with high employment and productivity levels, resource conservation and an environmentally-acceptable and climate-friendly energy supply, combined with marked social cohesion. One important aim of the Action Plan for CSR is to instil an awareness of the fact that

practising corporate social responsibility pays off for enterprises and society: For Germany, CSR offers a means to boost the competitiveness of companies on a long-term basis and to find solutions to social challenges which could not have been achieved through policy measures alone. Particularly in times of financial and economic crisis, corporate social responsibility is important for restoring faith in business. In light of this, corporate social responsibility is to be understood as an element in a social and ecological market economy system.

2. The road to the Action Plan for CSR

Involving key societal players in the development of Germany's National CSR Strategy was a prerequisite for ensuring that it would be widely accepted and supported. In January 2009, the Federal Ministry of Labour and Social Affairs set up the National CSR Forum comprised of 44 CSR experts from business, unions, non-governmental organisations and the political sector. The National CSR Forum was tasked with supporting the German government during the development of the National CSR Strategy.

The National CSR Forum developed the first Common Understanding of Corporate Social Responsibility in Germany (Annex). The Common Understanding provided a foundation for the future work to be done by the National CSR Forum and was jointly supported by various societal groups. It was expressly welcomed by the German government as a successful process that incorporated all stakeholders and societal groups. The National CSR Forum adopted and submitted its Recommendations Report to the German government on 22 June 2010³. This report provided the basis for the following Action Plan for CSR.

³ "The Recommendations Report of the National CSR Forum to the German Government" can be ordered free of charge on the website ("publications") of the Federal Ministry of Labour and Social Affairs.

3. Objectives and measures of the Action Plan for CSR

Using the Action Plan for CSR, the German government aims to organise and shape the interaction between the political sector, business, unions and civil society in ways that enable joint solutions to meeting major economic, social and environmental challenges. The development of a separate CSR strategy will enhance the high regard that Germany enjoys internationally in social and environmental matters and benefit both society and business.

The objective of the Action Plan for CSR is to increase the number of enterprises that recognise and use social responsibility to shape their business strategies in accordance with the principle of sustainable development because socially and environmentally proactive business practices can bring enterprises advantages in the national and international arena. To set the stage for this however, the political sector must take action to formulate societal aims in a dialogue with stakeholders and ensure conditions that make corporate social responsibility attractive to enterprises and society.

The German government's strategic aims with the Action Plan for CSR are to

- anchor CSR more firmly in enterprises and public bodies,
- win over even more small and medium-sized enterprises (SMEs) for CSR,
- increase the visibility and credibility of CSR,
- optimise the political framework for CSR and
- make a contribution toward shaping the social and environmental dimensions of globalisation.

3.1. Anchor CSR even more firmly in enterprises

More and more enterprises are assuming social responsibility in their core business, above and beyond what is required by law. In doing so, they are making a contribution to the good of society. At the same time, CSR can contribute to a company's commercial success at home and abroad: because companies that practise CSR establish a positive environment, attract and retain talented workers through strategic personnel planning and a good reputation, foster and motivate employees, develop a more efficient, sustainable supply chain management system, convince the marketplace with innovative, sustainable products, and win over consumers. In the process, they can also generate competitive advantages for themselves. It is this positive effect on a company's competitive edge that particularly has the potential to convince other enterprises to assume social responsibility above and beyond what is required by law.

At the same time, some enterprises also require assistance with implementing the concept of corporate social responsibility in their everyday business activities. Small and medium-sized enterprises (SMEs) in particular often assume social responsibility in exemplary ways at a local level without being familiar with the concept of corporate social responsibility or making their involvement correspondingly visible to the public. Further, they seldom incorporate these activities with long-term objectives into their core business on a strategic basis.

In light of this, the German government has set itself the following objectives:

- Win over more enterprises for corporate social responsibility and sustainable management.
- Encourage small and medium-sized enterprises in particular to understand corporate social responsibility increasingly as a business and strategy concept and to practise CSR in their own core business.

To achieve these objectives, the German government will take the following measures:

I. Familiarise small and medium-sized enterprises with CSR.

- The German government will launch a guidance and coaching programme for small and medium-sized enterprises (SMEs) on topics related to corporate social responsibility. The envisioned programme will be implemented by the Federal Ministry of Labour and Social Affairs and financed through the European Social Fund (ESF) and will offer SMEs practical, tailored assistance in their efforts to incorporate CSR in strategic ways into their business concepts. Plans also include the provision of specialised guidance by advisory offices and the creation of a central point of contact and source of information. In addition, elements from the e-learning field will be used to teach about and exchange information on CSR, thus enabling proprietors of the individual SMEs to learn about CSR without being tied down to a rigid time schedule.
- The German government will promote regional and national activities and 'round tables' that target the sharing of information and experience between larger companies and SMEs and/or their suppliers. The marketplace concept can be used as a model in this connection. These activities are also intended to lead to the establishment of viable networks for fostering joint involvement and learning from one another.
- The German government will continue the research being conducted on the subject of CSR in small and medium-sized enterprises as target-oriented research for the purpose of disseminating corporate social responsibility (Federal Ministry of Economics and Technology). These activities will tie into the work already being conducted by the Bonn-based Institute for Research on Small and Medium-Sized Businesses (IfM).
- The German government will improve the advisory and guidance services provided to SMEs that are interested in doing business in developing or newly-industrialising countries. It will accomplish this by ensuring better

coordination of the instruments used in the promotion of foreign trade and investment and in connection with development policy. The Federal Ministry of Economic Cooperation and Development has already set up a service office for the private sector. The Ministry will enhance its developPPP.de programme to make it more attractive for SMEs. Funding for this programme has already been increased. Working together with Germany's federal states and chambers of commerce, the German government will inform SMEs to a greater degree about their options for doing business in developing or newly-industrialising countries.

II. Use CSR 'beacons' and strategic partnerships to disseminate the subject of corporate social responsibility

- The German government will develop strategic partnerships and networks with the aim of using positive business examples and good experiences to disseminate corporate social responsibility and facilitate its successful implementation. Large international corporations and DAX 30 companies which practise corporate social responsibility are pacesetters and can thanks to their experience assume the role of a 'beacon' for the spread of CSR in Germany.
- The German government will foster public recognition of CSR activities by awarding a new CSR prize (Federal Ministry of Labour and Social Affairs). It will also continue to support existing prizes and awards with a connection to corporate social responsibility such as the Social Entrepreneur of Sustainability Prize sponsored by the Council for Sustainable Development and the ranking of corporate sustainability reports (Federal Ministry of Labour and Social Affairs).
- The German government will assist multinational corporations with bringing their business practises into line with internationally-recognised instruments and initiatives. Its activities in this connection will include issuing a manual on the OECD principles. The German government also supports international CSR-related initiatives such as the United Nations Global Compact (including the German Global Compact network) and the Round Table on Codes of Conduct

with the aim of promoting a dialogue between stakeholders and partnerships and making information and training courses available as guidance for international CSR strategies.

III. Foster responsible micro-enterprises

- The German government will assist responsible micro-enterprises in Germany. Many such businesses make a contribution to achieving societal, social and environmental objectives in their respective area. The emergence and development of socially-responsible entrepreneurship can play a role in solving specific societal problems. Socially-responsible entrepreneurship can also be combined with the objective of running a profitable business. The German government has set up a microcredit fund, creating an instrument that makes it easier for micro-enterprises and new businesses to borrow money. The aim of this fund is to develop a nation-wide supply of microcredit in Germany which has the job of helping new companies that are founded by, for example, unemployed persons or are run by immigrants or women (Federal Ministry of Labour and Social Affairs, Federal Ministry of Economics and Technology).
- The revision of the Investment Act has made it possible to sell microfinance funds in Germany. As a result, investment funds can now invest in microfinance institutions which extend microcredits to small and micro-businesses in developing and newly-industrialising countries (Federal Ministry of Finance). The findings generated by the Getting Things Done Sustainably (GETIDOS) research group which examines the contribution that socially-responsible entrepreneurs can make to ensuring sustainable water supply and disposal systems can provide a platform that can be built on in this connection (funding: Federal Ministry of Education and Research).
- Germany's development policy work supports responsible micro-enterprises (and microfinance initiatives in particular) in foreign countries. As a bilateral donor country, Germany leads in the area of financial inclusion. Germany is not only a frontrunner with regard to financial systems development, it is also a

pacesetter in the area of microcredits and micro-insurance. In this connection, it is important to strengthen responsible conduct in the financial sector, following the three-pronged approach of 'responsible finance': strong consumer protection, self-regulation within the financial industry and basic financial literacy among the general population.

3.2. Increase the credibility and visibility of CSR

It is absolutely essential that the many and diverse CSR activities pursued by enterprises today be visible as a fundamental prerequisite so that target groups which are crucial for the respective enterprise (consumers, investors and even potential job applicants and the general public) can become aware of, judge and reward (through their decisions in the marketplace) corporate social responsibility.

Aware consumers are increasingly expressing a desire for a 'second price tag' that would shed light on the sustainability and social responsibility of the respective company's business practices. Meeting this wish will require reliable, transparent and comparable information on enterprises' socially-responsible conduct information not only on the respective company's activities but on its supply chains as well which would put consumers in a position to make their own assessments. This type of information base would provide insight into the credibility and trustworthiness of the respective CSR activities and make it possible for enterprises to refute any suspicion of window dressing. The establishment of a CSR certification system that is regulated by law is not targeted in this connection.

It is also vital that Germany's CSR profile be sharpened at home and abroad. Compared to other countries, a high degree of socially-responsible conduct on the part of law-abiding enterprises is guaranteed in Germany as a result of its comparatively extensive legislation on environmental and social matters. Many endeavours that are considered CSR activities in other countries are required by law in Germany and thus, by definition, do not constitute CSR. However many enterprises in Germany already do more than what is required by the law. As a result, their exemplary conduct can positively influence the image German business

has abroad. This corporate involvement is also testimony to the social market economy system in our country. Responsible business conduct leads not only to higher product quality, it can also lead to tangible competitive advantages such as when contracts are awarded on condition that minimum standards are met. Germany's federal ministries are also active here and provide information in this connection. However, the German government needs a central coordinating body to bundle such information.

In light of this, the German government has set itself the following goals:

- Make information about CSR and the civic activities being undertaken by enterprises more widely known among the public with the aim of increasing transparency and improving decision-making guidance for relevant target groups (consumers in particular) through the use of independent information.
- Promote a positive image of Germany's social market economy abroad and underscore German businesses' assumption of social responsibility and the sustainability of their production processes and products and thus boost Germany's ability to compete for qualified skilled workers, investment and market share.

To achieve these goals, the German government will take the following measures:

- The German government will bundle information regarding corporate social responsibility and the involvement of individual ministries on a centralised basis and, for this purpose, significantly expand its existing website on the subject of CSR. The website www.csr-in-deutschland.de (or its English version: www.csr-in-germany.de) which the Federal Ministry of Labour and Social Affairs operates will incorporate and/or link CSR content from the websites of other federal ministries (such as the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, the Federal Ministry of the Interior

and the Federal Ministry of Food, Agriculture and Consumer Protection) and initiators (such as the website www.csr-weltweit.de which was initiated by the Bertelsmann Stiftung foundation and the Federal Ministry of Foreign Affairs). The information provided on the www.csr-weltweit.de website is supplemented by information on the ecological aspects of the social market economy system (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety). This website also explains in detail the Declaration on Fundamental Principles and Rights at Work which the ILO has adopted and included as a link on its ILO Helpdesk for multinational companies.

- The German government (Federal Ministry for Economic Development and Cooperation and others) supports international CSR portals such as the anti-corruption website www.business-anti-corruption.com and the information portal <http://baseswiki.org> initiated by the Special Representative of the UN Secretary-General on human rights and transnational corporations and other business enterprises John Ruggie.
- In addition, the German government will examine the development of a central portal for information on corporate responsibility. This portal will offer interested members of the public and consumers in particular reliable, transparent and comparable information about companies' CSR activities. In this connection it will be necessary to clarify whether it would be possible to use a sponsorship model that can take account of the variety of interests in the CSR field and enables the various players from business and society to make contributions.
- The German government will communicate the subject of corporate social responsibility to a broader public and raise awareness of this issue particularly among consumers and investors. Examples of these efforts include information brochures for consumers (Federal Ministry for Food, Agriculture and Consumer Protection), on sustainable management and on environmental management systems such as the European Union's Eco-Management and Audit Scheme (EMAS) and standards such as DIN EN ISO 14001 (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety), ISO 26000 [following

its adoption] and on the Fundamental Principles and Rights at Work (known as the ILO core labour standards) which the ILO has adopted.

- The German government will develop a plan for linking the idea of "CSR – Made in Germany" at international level with German industry's product quality and sense of responsibility. The embassies of the Federal Republic of Germany and other organisations abroad are to be involved in these activities on a targeted basis. The German government will also draw greater attention in international business and political dialogues to the subject of corporate social responsibility by, for example, conducting seminars on specific aspects of CSR for various interest groups such as businesses, unions and non-governmental organisations (Federal Ministry of Labour and Social Affairs, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, the Federal Government Commissioner for Culture and the Media, among others).

3.3. Integrate CSR into education, training, science and research

Basic values-oriented, economic training that encompasses ethical and environmental issues and conveys awareness of issues that revolve around sustainability is a prerequisite for developing judgement and full occupational competence in today's global economy. For this reason, the importance that values (such as trust, respect and integrity) have for sustainable, socially-equitable economic and societal development should play a role in all phases of education and learning. Tomorrow's consumers, employees and managers in business and the political sector must internalise the principle of sustainable and socially-responsible management and conduct before it can play a role in purchasing decisions and options for action.

Corporate social responsibility is a classic cross-cutting issue that can best develop its full potential for business and society when various different research fields work on this subject on an interdisciplinary basis and when science/research and day-to-day practice are closely linked with one another.

In light of this, the German government has set itself the following goals:

- Improve the economic skills and the knowledge of CSR being taught starting in secondary school and continuing through vocational training and university training and extending through continuing education and training.
- Establish incentives for attaching greater importance to CSR-related topics in the research and teaching being done at German universities; set up cross-disciplinary research networks and foster a dialogue between theoreticians and practitioners.

To achieve these goals, the German government will take the following measures:

- The German government will foster stronger links between schools and business in conjunction with the respective chambers. Important starting points for this are programmes such as the SCHULEWIRTSCHAFT (SchoolBusiness) national network of German business associations (Federal Ministry of Economics), the project SchoolBusiness Network in Eastern Germany (Federal Ministry of the Interior) and the funding of practical training.
- The German government will improve initial and continuing training on CSR issues for instructors and have practical instruction materials developed. Seminars on the subject of social and ecological sustainability could make a valuable contribution in the implementation of these measures (see the CSR workshop conducted by the Federal Ministry for Food, Agriculture and Consumer Protection at the didacta Education Trade Fair). A further example is the Education Service offered by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and the instruction materials which the Federal Ministry for Food, Agriculture and Consumer Protection developed in conjunction with the Stiftung Jugend+Bildung (Youth+Education) foundation in 2008 for vocational schools and which are now being extended to regular schools.

- The German government will foster international research networks that focus on the management of socio-economic aspects in businesses and will examine the possibility of developing these networks into an interdisciplinary centre of excellence. Potential candidates include the Institute for Future Studies and Technology Assessment (ITZ) and conCISE.net (= Contributing to a Competitive, Innovative and Sustainable Europe through networking) and the networking of research activities on the subject of sustainable development, innovation and competitiveness which the Institute for Applied Ecology (Ökoinstitut e.V.) pursues.
- The German government will create incentives for universities in the area of corporate social responsibility and make the Principles for Responsible Management Education (PRME) of the United Nations Global Compact known to a broader public. German universities are to be encouraged to adopt these principles on a voluntary basis. The German government will examine whether it would be possible to link CSR content with government programme funding and whether it would be useful to do so by awarding corresponding CSR-related prizes to university students. Another example that can be cited here is the Economics for Sustainability (WiN) funding priority of the Federal Ministry of Education and Research which is supposed to expand sustainability research through the use of realistic economic approaches and give economic research a new direction via issues related to sustainability policies.
- The German government is already conducting a number of measures to assist enterprises with their development of CSR activities and is creating incentives to encourage business to practise corporate social responsibility. For example, the Deutschlandstipendium (Germany Scholarship) programme set up by the Federal Ministry of Education and Research provides for matching the funds which universities have raised from businesses and other private donors for scholarships for talented students.
- As part of development cooperation measures, assistance will be provided to universities and academic networks in developing and newly-industrialising countries to help them with the implementation of CSR content such as the

Principles for Responsible Management Education. A supplementary instrument here is university partnerships between German and foreign universities in conjunction with practical partnerships with business.

- The German government will examine whether setting up a ‘round table’ on the development of standards for basic knowledge in the area of business and values would be conducive to achieving the targeted objectives and whether a round table could be used to foster the exchange between theoreticians and practitioners on this subject.

3.4. Strengthen CSR in international and development-policy contexts

Corporate social responsibility is becoming increasingly important in the wake of globalisation. International companies are influential players in efforts to meet global challenges such as climate protection, the reduction of poverty, and the respect for human rights. In light of this, strengthening corporate social responsibility in international and development-policy contexts is essential for sustainable in other words, economically, socially and ecologically-balanced development, especially in developing and newly-industrialising countries. The importance of corporate social responsibility is growing in many of these countries even when there is a lack of national legislation and enforcement for the implementation of international conventions and standards.

In light of this, the German government has set itself the following goals:

- Strengthen at international level the existing CSR regime for sustainable business conduct which encompasses legally-binding rules and regulations and is based on joint, recognised standards. Additionally strengthen international CSR instruments which go beyond these rules, and support CSR initiatives in order to square freedom of action with active responsibility and, in the process, foster the sustainable development of the global economy.

- Attach greater importance to corporate social responsibility in international contexts and in development cooperation in order to support successful approaches and implement development policies as global structural policies with the aim of tackling global challenges such as climate change, energy and commodity shortages, poverty and migration in collaboration with the partner countries concerned.

To achieve these goals, the German government will take the following measures:

- The German government will intensify the international dialogue on the CSR regime in relevant forums such as the United Nations, G8, G20 and the European Union. In this connection, it will also promote the continued development of the OECD Guidelines for Multinational Enterprises. Here, the content and scope of these Guidelines as well as the procedures and processes used by the National Contact Point (NCP), where and how the NCP is anchored in Germany's institutional landscape, its resources and workings should be reviewed to determine room for possible improvements. In addition, the German government will, within the scope of its budgetary means, continue providing political and financial support for further CSR instruments and initiatives such as the UN Global Compact, the Global Reporting Initiative, the Extractive Industries Transparency Initiative and the work of the Special Representative of the UN Secretary-General on human rights and transnational corporations and other business enterprises. In addition, the German government will advocate the creation of a G20 working group on the subject of 'investments' in which CSR will also play an important role. The German government will support the promotion of the issue of CSR in other international forums as well, particularly within the ASEM process, where Germany has already assumed a leading role in the area of corporate social responsibility. The German government will additionally continue to promote and provide flanking assistance to the draft ISO 26000 standard (Guidance on Social Responsibility) and the progressive development of the ILO Helpdesk for multinational corporations.

- The German government will step up its awareness-raising and information activities in order to increase knowledge of and compliance with internationally-recognised CSR instruments and initiatives. These activities will revolve around, for example, the OECD's Guidelines for Multinational Enterprises, the United Nations Global Compact and the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Adopted by the ILO and recognised by 183 countries, the Fundamental Principles and Rights at Work such as freedom of association, the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation are also important in this connection. Plans include an international event to further the dissemination of these instruments and initiatives and the development of guidelines for their application in businesses. The ILO Helpdesk with its interdisciplinary team also makes an important contribution towards this through its work which helps employees and employers put the principles of Decent Work into practice.
- The German government will assist enterprises interested in doing business in regions where they can make a contribution to sustainable social, environmental and cultural development. It will continue and expand the [develoPPP.de](#) programme which targets development partnerships with business and falls under the purview of the Federal Ministry of Economic Cooperation and Development. As part of the Raw Materials Dialogue hosted by the Federal Ministry of Economics, raw materials partnerships are to be established with resource-rich countries in general and resource-rich developing countries in particular. Participating enterprises are also to observe CSR principles in their activities in the raw materials field in this connection.
- In its development cooperation work, the German government will continue to actively promote the establishment of fair working conditions and the implementation of the United Nations' Millennium Development Goals and the ILO's Decent Work Agenda in partner countries. Using dialogue forums such as the Round Table Codes of Conduct which the Federal Ministry of Economic Cooperation and Development initiated, the Germany government contributes

to better social standards and voluntary standards. In the process, it assists trade unions and non-governmental organisations in developing countries in connection with their opportunities for participating in the area of corporate social responsibility. A fundamental aim of German development cooperation is in addition to generating permanent jobs and income in assisted countries to establish fair working conditions. Thus, projects which are funded by the KfW development bank or the DEG as well as fundamentally all development cooperation projects must meet ILO core labour standards and offer fair working conditions. In addition, the KfW development bank and the DEG push, where possible, for compliance with social and ecological standards which go beyond the level that is stipulated by law in the respective developing or newly-industrialising country.

- The German government will progressively develop and refine bilateral and regional development cooperation projects in the area of corporate social responsibility. Bilateral projects to promote corporate social responsibility have already been launched in India and China. In addition, the German government has always been an active contributor to the exchange on the subject of CSR that is conducted as part of EU-Asian (ASEM) and EU-Latin American (EU-LAC) cooperation.

3.5. CSR's contribution to meeting societal challenges

Companies operate in an environment that is shaped by a number of global risks and development trends. The German government wants to encourage businesses to actively use the opportunities and advantages arising in connection with economic and ecological development trends, anticipate societal challenges and address them successfully.

In Germany, the future of work in times of demographic change presents a particular challenge for businesses. The German government will continue its efforts to ensure conditions under which a balanced age structure is viewed as a matter of course in all companies and which enable balanced shares of men and

women in all occupations and sectors and at all levels. Companies should be in a position to fully tap the potential offered by older workers. It must be remembered in this connection that an individual's labour force participation may change over the years due to periods during which he/she did not work for family-related reasons. Emphasis will also be placed on workplace health promotion.

In light of this, the German government has set itself the following goals:

- Foster sustainable personnel management systems that take a diversity-driven approach to age, gender and migrant backgrounds, using the benefits of social diversity to ensure a productive working world that can meet the challenges of the future and to open up fair employment opportunities for all groups equally.
- Boost enterprises' and organisations' capacity for innovation in order to be able to cope in responsible ways with global challenges and tasks of the future such as climate change and shortages of raw materials.

To achieve these goals, the German government will take the following measures:

- The German government will support positive conditions for life-course-oriented and employee-oriented personnel management systems that are responsive to demographic shifts. With the New Quality of Work Initiative (INQA), the Federal Ministry of Labour and Social Affairs and the Federal Ministry of Health have established a partnership that is successfully working to disseminate the knowledge to be found in companies about working conditions that are conducive to health, and are recommending them as examples worth emulating. INQA also supports work to design jobs and workplaces to meet the needs of older workers at present and as they change over time and supports concepts for company policies that are geared to life stages. Research and development projects being conducted by the Federal

Ministry of Education and Research (such as the Innovation with Services programme and the Work Learn Develop Skills. Innovativeness in the Modern Working World programme) are aimed at providing constructive flanking support for these change processes, at developing tailored instruments for training, health, productivity and the motivation of all persons involved in working processes, and at adapting working conditions to workers. This approach is underscored by the brochure "Demographic Change (Not) A Problem! Tools for Personnel Work" which is published by the Federal Ministry of Education and Research.

A human resources policy that is sensitive to demographic change also includes lifelong learning and ongoing advanced and continuing training in the individual companies. The WeGebAU initiative for advanced training for low-skilled and older workers employed in companies and the ESF Guideline on Promoting Continuing Vocational Training for Employees (Social Partner Guideline) are making important contributions toward this (Federal Ministry of Labour and Social Affairs).

- The German government will foster life-course-oriented business policies on a targeted basis. This will involve, for example, supporting efforts to balance the two different sets of demands posed by employment and raising a family, and progressively developing family-conscious work structures. Instruments are to be found in the Work - Learn - Develop Skills programme of the Federal Ministry of Education and Research in the form of, for example, field-tested measures that revolve around the organisation of working time. The aim of the Opportunities for Reintegration into Working Life action programme (Federal Ministry for Family Affairs, Senior Citizens, Women and Youth in cooperation with the Federal Employment Agency) is to raise awareness of the labour market potential offered by women who have not worked for a while due to family reasons. The Good Work for Single Parents competition and the Networks for Effective Assistance for Single Parents programme also play an important role in this connection. The activities which the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth has undertaken in collaboration with industrial associations and unions as part of the Success Factor Family company programme have helped establish family-friendliness

as an important factor in Germany's competitiveness and attractiveness as a location for business and investment and have helped advance family-conscious personnel policies in enterprises. In addition, establishing gender equality, particularly at executive level, is an important area in life-course-oriented business policies. Using a multi-stage plan, the German government will improve the conditions necessary for increasing the number of women holding executive positions in the private sector and civil service. Aiming to improve the equality of occupational opportunities for women, the national Equal Treatment of Women in Industry initiative supports on a targeted basis company-based projects in order to improve the employment situation of women in industry. Other important activities in this area include the national Put on Equal Footing initiative to ensure equal opportunities for women in industry, the National Pact for Women in MINT Professions (Federal Ministry of Education and Research) which aims to expand the range of choices girls and women typically focus on when deciding on university studies or an occupation, and the Women Professors programme which was set up to increase the share of women in the university sector. The German government's first gender-equality report which is scheduled to be issued in early 2011 will also examine the challenges that life-course-oriented personnel management entails.

- The German government will foster social diversity in company workforces and better employment opportunities for previously underrepresented groups with the aim of ensuring that tomorrow's working world is productive and ready for coming demographic changes. Successful approaches that could be used for this include:

The federal, ESF-funded XENOS Integration and Diversity programme is aimed at fostering cultural diversity in businesses on a cross-target-group basis. The Perspektive 50plus programme which is sponsored by the Federal Ministry of Labour and Social Affairs offers older long-term unemployed persons an opportunity to return to work. An initiative of the Federal Employment Agency offers unemployed low-skilled workers the opportunity to earn recognised vocational qualification or partial qualification and helps integrate low-skilled job seekers into enterprises.

The National Integration Plan (NIP) will support on a long-term basis the integration of immigrants into the work force. The NIP will be continued and honed during the 17th legislative period as an action plan for the implementation of the National Integration Plan. The federal ESF-funded programme to provide labour market assistance to persons who are entitled to reside in Germany and to refugees is aimed in the same direction. Successful examples of programmes aimed at integrating persons with disabilities include the Company Integration Management programme, the Job Initiative, the Job4000 labour market programme, the instrument of "assisted employment" and the RehaFutur concept. The German government is currently developing an action plan for the implementation of the UN Convention on the Rights of Persons with Disabilities in order to further improve the actual integration of persons with disabilities.

- With Logib-D, the German government is conducting a project (Federal Ministry for Family Affairs, Senior Citizens, Women and Youth) which helps businesses develop solutions for fair pay. This project puts companies in a position to develop fair pay strategies that ensure equal opportunities in pay structures and career paths.
- In connection with the National Strategy for Sustainable Development (lead department: Federal Chancellery), the German government will address global challenges and tasks for the future and set forth steps toward their solution. The Strategy's sustainability indicators will be progressively developed as an instrument for measuring and tracking results on a comprehensive, transparent basis. This will raise awareness for the need for sustainable development. The Business and Politics climate protection dialogue sponsored by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety also serves this aim. A review will be conducted of the measures adopted in connection with the 2008 Progress Report on the National Strategy for Sustainable Development. The 2012 progress report will examine the level of sustainability in individual areas such as energy, the climate, sustainable transport, sustainable consumption, the conservation of natural resources, and public finances. It will also explore the inclusion of sustainability in regulatory impact analyses.

3.6. Continued development of a CSR-friendly environment

Ensuring that CSR is beneficial for business and society requires interaction between all relevant societal players. Consequently, the political sector along with business, unions and civil society has a vital role to play in connection with fostering corporate social responsibility. The German government is committed to the task of fostering corporate social responsibility in the future as well and, when developing CSR activities, to establishing incentives to induce trade and industry to practise corporate social responsibility. The political sector and administrative offices not only in their capacity as bodies that determine the general conditions but also in their roles as employers and contracting entities have influence on the creation of a positive environment for corporate social responsibility in which responsible business practices are worthwhile for both business and society.

In light of this, the German government has set itself the following goals:

- Gear public tenders and public procurement activities where appropriate more strongly to ecological and social criteria with the aim of putting the enormous procurement volumes arising from government offices to use for the purpose of sustainable development and facilitating the breakthrough of innovative technologies in the marketplace.
- Call attention to the dynamic force of the growing market for socially responsible investment (SRI) and put it to use in investment decisions in Germany and as input in connection with development policy.

To achieve these goals, the German government will take the following measures:

- The German government will strengthen and progressively develop sustainability as a criterion in public procurement practice. The new regime established by the Act to Modernise Procurement Law (2009) allows contracting authorities to impose additional social and ecological requirements on contractors when these requirements are factually related to the object of the contract. Working on the basis of this and in compliance with economic efficiency, the German government will make its political commitment to a sustainable public procurement system clear with corresponding, strategic objectives. The Sustainable Procurement working group which was set up under the lead management of the Federal Ministry of Economics and Technology also serves this aim. An Alliance for Sustainable Procurement Practices with representatives from Germany's federal, state and municipal governments is to be developed in stages with the help of this working group. In addition, the German government will take action to increase the knowledge of and expertise in sustainable public procurement practice of the public bodies that award contracts. For this purpose, it will make existing internet portals (such as www.kompass-nachhaltigkeit.de and www.beschaffung-info.de) and guidelines (such as "Taking social concerns into account in procurement law Tips for municipalities" and the brochure "The Socially Responsible Awarding of Public Contracts" which was published in English and German) more widely known and offer continuing training options such as learning platforms, learning workshops and seminars.
- Individual federal ministries will issue informative CSR reports, in keeping with their role as models and pacemakers in the area of social responsibility. The Federal Ministry of Labour and Social Affairs will submit its first CSR report in the next reporting year in compliance with the criteria of the Global Reporting Initiative (GRI). The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety intends to draw up a CSR report on the basis of the EMAS environmental statement. In addition, the German government is in favour of, where appropriate, public bodies and enterprises acceding to or supporting the

UN Global Compact or using other recognised instruments for sustainable development.

- The German government will examine whether and to what extent new incentives could be conducive to the progressive development of socially responsible investment and the capital market for sustainable development. In addition, the German government will use information activities to encourage investors to become signatories to the United Nations' Principles for Responsible Investment.

4. Implementation of the Action Plan for CSR

In connection with the implementation of the Action Plan for CSR, the German government considers it important to use existing structures, create synergies and avoid the development of parallel structures.

The participation of all stakeholders and social groups has proven not only to be extremely worthwhile in efforts being undertaken to foster corporate social responsibility but also guarantees a continuous dialogue with all stakeholders and social groups. In light of this, the National CSR Forum will continue its work even after submission of its Recommendations Report to the German government. One of the Forum's foremost tasks will subsequently be to advise and assist the German government in the implementation of the Action Plan for CSR. This is particularly important because the more united the various societal forces are in their efforts to implement the Action Plan and the more they discharge an indispensable role as disseminators, the more powerful the Action Plan for CSR will be in fostering sustainable development.

The German government will also see to it that the measures foreseen in the National CSR Strategy and the National Engagement Strategy as well as the activities pursued by state, regional and municipal governments in the area of corporate social responsibility follow the same aims and dovetail as much as possible with one another.

The National CSR Strategy is embedded in European and international networks and partnerships and follows the same global aims. This congruence is also to be evidenced at an international conference that will be held to mark the introduction of the CSR concept in Germany. Changes are needed in the parameters for CSR and only through joint action by an international alliance can these changes be achieved.

A greater awareness of the connections between responsibility, ethics and transparency in business life has developed in Germany in the wake of the economic and financial crisis, global climate change and environmental pollution and in light of the unacceptable working and living conditions that are still to be found in many parts of the world. Many citizens, consumers and business people desire sustainable

economic growth that addresses the social challenges of our times. Public recognition is strong for enterprises exhibiting exemplary conduct. It is imperative that existing opportunities be used to further strengthen corporate social responsibility on a joint basis and to develop German corporate social responsibility into a quality feature at home and abroad to the benefit of both society and business.

National CSR-Forum

Common understanding of corporate social responsibility (CSR) in Germany⁴

Corporate social responsibility (CSR) refers to a company's assumption of social responsibility above and beyond what is required by law. CSR is a byword for the practice of sustainable corporate governance in a company's core business. This practice is embedded in its business strategy. CSR is voluntary but not arbitrary.

Companies exercise social responsibility especially when they:

- Treat their employees fairly and foster and involve them;
- Use natural resources prudently and efficiently;
- Ensure that their operations in the value-added chain – in their sphere of influence – are socially and environmentally responsible;
- Uphold human rights and ILO core labour standards and help ensure that they are observed at international level;
- Make a positive contribution to the community;
- Increase their investment in education and training;
- Foster cultural diversity and tolerance in their own company;
- Support fair competition;
- Promote measures to prevent corruption;
- Establish transparency in their corporate governance;
- Respect consumer rights and consumer interests.

Particularly in view of economic and financial crises, sustainable development⁵ is a task for society as a whole and places demands on the behaviour of all societal groups. In light of this, CSR is to be understood as an important contribution that companies can make toward sustainable development in the fields: market,

⁴ The German understanding of corporate social responsibility (CSR) is based on the definition that is established in Europe and was developed by the European Commission (see the Green Paper COM (2001) 366 final).

⁵ "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (Brundtland Report, 1987)

environment, workplace and community. Companies involve internal and external stakeholders in the strategic orientation of their many CSR activities. These internal and external stakeholders include, for example, employees and the bodies representing their interests, non-governmental organisations, consumers and government bodies.

The political sector has the task of creating a positive framework for corporate social responsibility. CSR can thus improve the conditions for markets that function on a sustainable basis and it can be profitable for society and companies. Strategic CSR is increasingly becoming a criterion for competitiveness. The visibility and credibility of CSR is a particularly decisive factor here not only for consumers but also for investors. Transparency is important in this connection. CSR also strengthens social cohesion and confidence in the social market economy system and makes a contribution toward shaping the social and environmental dimensions of globalisation.

Strengthening the community through regional and local involvement is part of CSR. Small, medium-sized and even large companies are already supporting the common good. This involvement on the part of businesses has a very positive impact on the image a company has and fosters society's acceptance of trade and industry. Germany has a long tradition of companies bearing social responsibility. Here in Germany social and environmental affairs are regulated at a high level. What is showcased as CSR activities elsewhere is often regulated by law in Germany. In addition to this, internationally agreed guidelines – such as the ILO's Tripartite Declaration on Multinational Enterprises and Social Policy, the OECD's Guidelines for Multinational Enterprises and the United Nations' Global Compact, as well as international environmental standards – are viewed as yardsticks and/or obligations in Germany. Corporate social responsibility that is exercised against the backdrop of our welfare-state framework and international obligations is therefore also important for German companies' positioning in the international arena.

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