Corporate Responsibility in Europe

Government Involvement in Sector-specific Initiatives
# Table of Contents

## Preface

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tackling societal problems through public-private collaboration</td>
<td>7</td>
</tr>
<tr>
<td>Birgit Riess</td>
<td></td>
</tr>
<tr>
<td>Companies should play a leading role in developing and</td>
<td>11</td>
</tr>
<tr>
<td>implementing CR strategies</td>
<td></td>
</tr>
<tr>
<td>Jörg Trautner</td>
<td></td>
</tr>
<tr>
<td>Voluntary private standards as an element of Corporate Responsibility</td>
<td>15</td>
</tr>
<tr>
<td>Hans-Peter Egler</td>
<td></td>
</tr>
<tr>
<td>Responsible Care—the chemical sector approach towards sustainability</td>
<td>19</td>
</tr>
<tr>
<td>Hubert Mandery</td>
<td></td>
</tr>
<tr>
<td>“Indeed, the need for investing jointly for the common good!”</td>
<td>21</td>
</tr>
<tr>
<td>Stefan Crets</td>
<td></td>
</tr>
</tbody>
</table>

## 1. Sector-specific Corporate Responsibility in Europe:

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>23</td>
</tr>
<tr>
<td>Thomas Beschorner, Thomas Hajduk, Samuil Simeonov</td>
<td></td>
</tr>
</tbody>
</table>

## 2. Experts’ Views on Sector-specific Corporate Responsibility

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas Hajduk and Samuil Simeonov</td>
<td>41</td>
</tr>
</tbody>
</table>

## 3. Sector-specific Corporate Responsibility in Europe

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuil Simeonov and Eva Krauss</td>
<td>65</td>
</tr>
</tbody>
</table>

## 4. Sector-specific Corporate Responsibility in Denmark

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steen Vallentin and Andreas Schmiegelow</td>
<td>91</td>
</tr>
</tbody>
</table>
# Table of Contents

5. **Sector-specific Corporate Responsibility in France** .................. 113  
   *Julia Roloff*

6. **Sector-specific Corporate Responsibility in Germany** ............ 135  
   *Thomas Hajduk and Thomas Beschorner*

7. **Sector-specific Corporate Responsibility in the Netherlands** .... 159  
   *Tobias Goessling*

8. **Sector-specific Corporate Responsibility in Poland** ............. 179  
   *Janusz Reichel*

9. **Sector-specific Corporate Responsibility in Spain** ............... 199  
   *Marta de la Cuesta González and Eva Pardo*

10. **Sector-specific Corporate Responsibility in Switzerland** ...... 221  
    *Christoph Weber-Berg, Sabrina Stucki, Sandra Huber-Ingold*

11. **Sector-specific Corporate Responsibility in the United Kingdom** . 241  
    *Anja Schaefer*

12. **Features and Trends of Sector-specific Corporate Responsibility in Europe** ......................... 263  
    *Thomas Hajduk and Samuil Simeonov*

13. **From Body of Knowledge to Ways of Thinking:**  
    *Theoretical Implications of Sector-specific CR in Europe* ........ 283  
    *Thomas Beschorner and Thomas Hajduk*

Appendix 1 ................................................................. 297

Appendix 2 –  
Best practices of sector-specific CR initiatives ................... 321

List of Figures and Tables .............................................. 331

List of Abbreviations ................................................... 332

Contributors ............................................................... 333
Tackling societal problems through public-private collaboration

Although the UN’s Rio+20 conference of June 2012 had generally disappointing outcomes, it should be noted that business made great efforts to contribute to more sustainable development. Indeed, the Rio+20 Corporate Sustainability Forum resulted in over 200 commitments demonstrating the private sector’s growing role in related efforts. As the summit’s final declaration emphasises, “(The) implementation of sustainable development will depend on active engagement of both the public and private sectors.”

Collaboration between politics, business and civil society has already become a paradigm for governance and the provision of common goods. Since the World Summit on Sustainable Development, held in Johannesburg in 2002, public-private collaboration has enjoyed an enormous increase in popularity in the belief that it represents the only way to tackle global challenges, such as climate change, poverty and a growing scarcity of natural resources.

Business’s contribution to solving such societal challenges has come to be known as Corporate Responsibility (CR). This refers to the mutual relationships between business, politics and society, and depicts the role that companies play in the communities they operate in. As the latest related communication of the European Commission defines it, CR is “the responsibility of enterprises for their impacts on society”. However, CR should be seen as an effective complement to rather than a substitute for public regulation. It draws on the private sector’s potential to play a role in tackling complex problems through action beyond legal responsibility and respecting widely accepted societal norms and values.

Responsible business behaviour refers to three spheres of influence. Above all, it refers to companies’ core business through their products and services, production processes and supply chains. Second, companies can also be responsible “citizens”, promoting education in and providing support for the communities they operate in. Lastly, business actors can collaborate so as to maximise the impact of their individual efforts to achieve sustainability-re-
lated goals. Since companies can be adversely affected by the above-mentioned challenges and are simultaneously subject to rising societal expectations, it is in their long-term interest to operate responsibly.

In practice, there is a wide range of examples of how companies have gotten involved in promoting the common good. However, most of these concern the actions of individual companies that, even if effective, often have only a limited impact or can even lead to a first-mover disadvantage. By collaborating with their peers and other stakeholders, companies can avoid such negative effects and maximise the results of those efforts. This is particularly the case when it comes to collaboration with public authorities since they are better positioned to tackle societal problems. In addition, this kind of collaboration benefits society as a whole because it increases the outreach and impact of the efforts undertaken and resources invested.

Since companies from the same industry face similar challenges and issues, public-private collaboration in the form of sector-specific initiatives can be particularly effective at solving common problems at the sectoral level. Well-known examples of such initiatives at the international level include the Equator Principles in the financial sector, the sector supplements of the Global Reporting Initiative (GRI) framework and standards such as those set by the Forest Stewardship Council (FSC) and the Extractives Industries Transparency Initiative (EITI). Each of these falls into the category of self- and co-regulation. As such, they represent alternative structures and processes to traditional governance in which actors from different societal sectors shape public-policy decision-making from the agenda-setting to the implementation stage.

This book studies sector-specific CR initiatives and instruments at the national level as forms of self- and co-regulation. It focuses on the role that public actors play in such initiatives and instruments as well as the different approaches they use to promote CR. As the German federal government’s “Action Plan for CSR” points out, political bodies play a crucial role as an enabler of responsible business behaviour by fostering a conducive environment through market incentives and increased transparency.

For many years, the Bertelsmann Stiftung has been promoting the role of governments as an enabler of a responsible operating environment for companies. Several of the foundation’s studies have investigated and analysed political strategies and instruments for promoting CR.

Furthermore, the Stiftung also supports collective action within business-driven networks and promotes collaboration among a wide range of regional stakeholders through its business-driven Partners in Responsibility model. Within these local, business-driven networks, companies pool their resources and collaborate with local governments, civil society organisations and community groups in developing innovative and effective solutions for structural problems that affect their immediate environment.
The following study combines both areas of interests: the role of public actors and the collective-action approach. In this regard, it ties in with the current public debate at the European and national levels on new governance and better regulation through private-sector involvement. Furthermore, it gives policymakers an overview of the approaches to sector-specific CR and of the ways currently being used to increase societal impacts through public-private collaboration. The book’s target audience is both researchers and practitioners. Academics will find a starting point for further research in this emerging field, whereas practitioners are offered empirical and effective models for promoting sector-specific CR.

Birgit Riess
Director “Business in Society”
Bertelsmann Stiftung
Gütersloh, Germany
Companies should play a leading role in developing and implementing CR strategies

The issue of responsible company management is becoming more and more important in both the business world and society at large—and especially in the age of globalisation. Likewise, although companies both big and small are increasingly active on the international stage, the legal frameworks for economic activity are not keeping pace with these changes and frequently continue to differ according to country. This results in gaps in terms of regulations for global trade relations that will probably be difficult to fill in the short term via binding international frameworks. Indeed, global interests and national levels are simply too diverse, and one can even hear calls in many areas of the business world for a reliable “level playing field” for internationally active companies.

Under these circumstances, standards such as the OECD Guidelines for Multinational Enterprises, the U.N. Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work have become dramatically more important when it comes to compensating for regulatory gaps whenever possible. These standards establish a frame of reference for other instruments and initiatives that have developed over time in order to give companies guidance when making operational decisions and realizing their responsibilities towards society. This often involves sector-specific initiatives and instruments of Corporate Social Responsibility (CSR). Such solutions can benefit companies because their competitors also face comparable problems, issues and challenges, because sector-wide solutions can reduce transaction costs and because they can create synergies.

There is a wide range of actors involved in developing sector-specific CSR instruments and initiatives. In addition to representatives from the broader business world, sector associations and individual companies, this often also includes actors drawn from government and civil society. This is a good thing. Indeed, if CSR is to be both effective and legitimate, it requires the cooperation of all social stakeholders.
With its communication “A renewed EU strategy 2011–14 for Corporate Social Responsibility”, the European Commission sent out a clear signal that CSR would be used as a cornerstone of growth, employment and sustainability goals in the context of the “Europe 2020” strategy and that it would contribute to tackling global challenges. In this context, the Commission set in motion an important process that aims to improve “self- and co-regulation” and lead to a new code of conduct in order to be able to better regulate relevant social issues in the various economic sectors.

When it comes to gaining legitimacy for these forms of regulation and acceptance of the agreements that have been reached, the specific rules of collaboration underlying them will be of critical importance. For example, this relates to rules of procedure and participation, which will be decisive in determining the effectiveness, efficiency and legitimacy of cross-sectoral collaborations.

Against this backdrop, Germany’s Federal Government has deliberately opted for a multi-stakeholder approach. In 2009, the Federal Ministry for Labour and Social Affairs played a leading role by convening the National CSR Forum, comprised of experts from business, unions, nongovernmental organisations and politics. The Forum advises the Federal Government on the development and implementation of the National CSR Strategy and engages in dialogue on how to further develop the social responsibility of companies. In October 2010, on the basis of a “Common Understanding of Corporate Social Responsibility in Germany” and after adopting a “Recommendations Report” of the National CSR Forum, the Federal Government approved the “National Action Plan for CSR”, which includes more than 40 concrete measures.

In its communication, the European Commission stipulated that, more than anything else, companies themselves should play a leading role in developing and implementing CSR strategies. In Germany, this view is shared by both the Federal Government and the National CSR Forum. Investors, consumers, unions and civil society organisations can use their respective influence on companies in order to jointly tackle existing challenges. Politicians and administrators should play a supporting role in the field of CSR and focus on shaping both the regulatory framework and the social environment.

For example, public authorities can provide strong incentives for sustainable sourcing by taking social and environmental criteria into consideration during tendering and award procedures. With an order volume accounting for roughly 13 per cent of Germany’s GDP, federal, state and municipal governments enjoy a market position that can be used for the benefit of sustainability. As part of the Federal Government’s National Sustainability Strategy, an “Alliance for Sustainable Procurement” has been launched in order to significantly increase the share of sustainable products and services in public purchasing. One essential tool of the Alliance are sector-specific groups of ex-
Companies should play a leading role in developing and implementing CR strategies

...erts and association representatives tasked with developing guidelines and recommendations on procurement that can then be used to develop sector-specific standards and procedures. Plans also call for establishing a central competence centre for sustainable procurement that would coordinate tasks across divisions according to a master plan and improve the exchange of information between all actors.

Given these activities and plans, we very much welcome the fact that the present study aims to develop criteria for good sector-specific CSR instruments and initiatives. In doing so, the analysis can make an important contribution to strengthening the CSR approach in everyday practice and preserving the vitality and dynamism of Europe.

Jörg Trautner
Head of Unit “CSR – Corporate Social Responsibility”
Germany’s Federal Ministry for Labour and Social Affairs
Berlin, Germany
Voluntary private standards as an element of Corporate Responsibility—a commitment within the framework of economic development cooperation in Switzerland

Economic and climate crises, in addition to social challenges, have given increased impetus to the sustainable and efficient use of resources. In addition, more attention has been directed towards efforts to secure the supply of raw materials and food. In this context, industrial and trading companies at both the global and local levels are playing a central role!

Ever-increasing importance is being attached to forging a globally coordinated approach to these issues as well as to harmonising international trading, social and environmental regulations at all levels. Globalisation and the growing complexity of production processes within international supply or value chains are creating gaps and conflicts of interest that have yet to be satisfactorily resolved by international regulations. For example, the World Trade Organisation’s (WTO) regulations on international trade do not differentiate between final products and their process and production methods (PPMs). At the same time, international social and environmental regulations, such as those of the International Labour Organization (ILO) and the climate and biodiversity conventions, primarily deal with issues of social and environmental concern related to methods of production.

Given these circumstances, more tools that can be implemented globally to deal with imminent challenges are needed to close the above-mentioned gaps. Such instruments can only be developed on a joint basis and with the inclusion of all relevant stakeholder groups, and they must be built upon the latest scientific knowledge. In this context, a crucial role is played by structured dialogue platforms involving key target groups in multi-stakeholder initiatives. These can spur the development of voluntary private standards for sustainable consumption and responsible production.

Many of these global instruments and initiatives focus on specific industrial sectors in an effort to cater to the particular challenges and demands they face. While some of these initiatives are purely business-driven, others are based on cooperation between companies, governments and nongovernment-
tal actors. Regardless of their type, however, what they all share in common is the principle of collective action in pursuit of a common goal. In order to bring about a level playing field and increase an industry’s credibility within society at large, many companies that are attuned to sustainability issues are clearly committed to the idea of “corporate social and environmental sustainability” and consequently choose to become central partners in these initiatives.

Although the standards and labels of these initiatives are generally viewed as market-based and led by the private sector, the Swiss Government has formulated a concept that uses targeted subsidies to support these instruments. As part of it, and within the specific framework of trade-related development cooperation, Switzerland’s State Secretariat for Economic Affairs (SECO) is supporting the creation of labels and their application in developing countries in order to promote trading in goods and services from developing countries that is environmentally and socially responsible. The plan envisions the following support measures:

a) Granting start-up financing for the development of selected labels;
b) Aiding the development of expertise in certification;
c) Co-financing neutral dialogue platforms and multi-stakeholder processes;
d) Co-financing scaling-up measures related to harmonising systems of standards and capacity-building programmes as well as increasing the efficiency of private standards; and
e) Conducting local impact assessments.

Voluntary private standards and labels help fill the gaps left by international regulations. Quality labels, such as those of the Forest Stewardship Council or the Fairtrade Foundation, are standards of behaviour that define generally applicable and globally binding criteria for production methods and processes in the private agricultural sector. As part of these labelling regimes, private actors can provide substantial resources, ensure adherence to legal standards and lend legitimacy and credibility to such standards. Likewise, the application of voluntary standards is exerting a growing influence on the manufacturing processes, sourcing methods and corporate policies of international companies. Having certification performed by independent bodies both ensures that the criteria are met and facilitates the ability to trace where and under what conditions a product was manufactured. The implementation and monitoring of these standards also contributes to improved risk management.

Furthermore, when it comes to the socially responsible and environmentally acceptable use of raw materials, the application of voluntary private standards also helps increase the efficiency, productivity, quality and diversification of products. Moreover, sustainable trade improves market access, generates income and ultimately contributes to reducing poverty.

In the end, market participants along the entire value chain – including agricultural producers, manufacturers, trading companies, retailers and, last
but not least, informed, critical consumers – can all benefit from the implementation of voluntary private standards and labels in international trade. Likewise, since the commitment of international and national companies and agricultural producers to use the requirements of voluntary private systems of standards contributes to global sustainable development, forging close links between Corporate Social Responsibility (CSR) measures at the sectoral level and these instruments appears to be an efficient and effective path toward making sustainable production and consumption patterns more permanent.

_Hans-Peter Egler_

Head of Trade Promotion
State Secretariat for Economic Affairs SECO
Economic Cooperation and Development
Bern, Switzerland
Responsible Care—the chemical sector approach towards sustainability

Responsible Care is the chemical industry’s commitment to sustainability and Corporate Social Responsibility. It embodies the global chemical industry’s environmental, health and safety initiatives to drive continuous improvement in performance, in its own operations as well as up and down the value chain for all products. It achieves that goal by meeting and going beyond legislative and regulatory compliance, and by adopting cooperative and voluntary initiatives with governments and other stakeholders related to the chemical industry.

Responsible Care, introduced in 1985, is the chemical industry’s response to being challenged on its impact on health and environment. By the end of 2011 it was being implemented by 55 chemical associations around the globe. In Europe 28 national federations across the continent apply Responsible Care, including Russia, Ukraine and Turkey. Expansion of Responsible Care is set to continue with expressions of interest and applications from countries in Asia and Africa.

Launched in February 2006, the Global Charter is the update of the Responsible Care Programme, taking on board recommendations of stakeholders from around the world. The Charter extends the process of continuous improvement beyond chemicals manufacturing to other activities, focusing on new challenges facing the chemical industry and global society like public health issues related to chemicals. The CEOs of all the national chemical associations and more than 150 of the world’s largest chemical companies have signed up to the Global Charter, demonstrating a strong commitment from the top of the chemical industry to sustainability.

In Europe, Responsible Care offers a broad multi-stakeholder platform for the chemical industry, involving companies, their employees, the local communities and other stakeholders, including national authorities for specific projects. The latter are instrumental in providing informed input and in monitoring progress. Over the years, chemical companies, national associations and Cefic, the European Chemical Industry Council, have identified main challenges and developed solutions making them publicly available to their stakeholders and the general public.
In addition, Cefic is taking all steps to encourage more companies—especially small and medium-sized enterprises (SMEs)—to participate in Responsible Care and foster social responsibility. This was the very objective of the “prisme2” multi-stakeholder project on corporate social responsibility, which Cefic started in 2008 with the support of the EU Commission. Nearly 30 partners and sponsors including large companies, associations, trade unions, institutions and agencies teamed up for this initiative. “prisme2” stands for “Promoting Responsibility in SMEs”. The squared symbol implies the redoubled effort coming from industry and trade unions.

Among others, trade unions are key partners in implementing the principles of the Global Charter. They meet chemical associations in the European Social Dialogue, of which Responsible Care is a key element. Closely related to the cooperation with trade unions is Cefic’s engagement with the European Agency for Safety and Health at Work (OSHA). In 2010–11, Cefic was an official partner in the agency’s Healthy Workplaces Campaign to raise awareness of safety at work and reduce work-related accidents.

Already back in 2003 the European Chemical Employers Group (ECEG), the European Mine, Chemical and Energy Workers’ Federation (EMCEF, now IndustriAll), and Cefic, signed a Memorandum of Understanding on Responsible Care. Responsible Care has proved complementary to the ongoing dialogue of the social partners on specific EU projects targeting improvement in health and safety at the workplace as well as environmental protection.

More recently, in May 2012, Cefic launched its first-ever Sustainability Report, a joint effort of companies and national associations, but already receiving input and feedback from a series of stakeholders.

Corporate Social Responsibility and Responsible Care require a continuous, transparent and open dialogue with all relevant stakeholders to review how industry addresses the sustainability challenges. It is a collective exercise, monitoring performance, establishing benchmarks and ensuring best practice sharing at regional and local level.

Cefic coordinates that dialogue at European level and supports our member companies in embracing Responsible Care and fostering social responsibility, so as to disseminate best practices across Europe and beyond. Both an ethic and a commitment, Responsible Care seeks to build trust in an industry essential to improving living standards and the quality of life.

Dr. Hubert Mandery
Director General
European Chemical Industry Council (Cefic)
Brussels, Belgium
“Indeed, the need for investing jointly for the common good!”

The recent – and ongoing – financial crisis has added both challenges and opportunities to the portfolio of sustainability issues: climate change, poverty, resource scarcity, demographic changes, emissions... The interdependence between different actors—states, regions, cities, local communities and institutions, non-governmental organisations and action groups, multinationals and Small and Medium Enterprises—has subsequently increased and there is a growing awareness that practical problems and issues cannot be faced by one actor alone.

As the instability in the markets and the ecosystem increases, it becomes vital to have a systematic response from government, business and society together. Transformative change is however only possible through step-by-step practical collaboration and joint efforts from within and between these different actors.

It is in this context that CSR Europe launched its Enterprise 2020 Initiative. CSR Europe is a practitioner’s network of multinational companies and national CSR business-membership organisations. Together the network reaches out to more than 5000 companies in Europe to advance the CSR agenda. Enterprise 2020 was launched in October 2010 with the ambition to promote responsible and sustainable business practice to tackle emerging societal challenges across the globe. Through providing the necessary guidance and a platform for collaboration to promote continuous improvement and transition towards a sustainable economy, Enterprise 2020 aims to shape the sustainable company of the future, to the point whereby a company will have fully integrated CSR into its business strategies. The company of the future will operate profitably through mainstreamed responsibility and transparency, and innovates solutions for the planet and its people, in close cooperation with all stakeholders.

Through a series of collaborative and member-driven projects organised through the CSR Europe network, in liaison with corporations, national CSR
partner networks and stakeholders, the Enterprise 2020 initiative serves as an incubator and platform to confront some of the most pressing sustainability challenges. The results of these projects will serve as a basis to develop the necessary synergies with European and international policymaking. Scale and impact are the key drivers in this effort and it is in this regard that cross-sectorial and sectorial collaborations need to be incubated, nurtured and scaled-up.

In this framework, the role of governments in relation to CSR is all the more important and it is changing: not through specific regulation or demands for various (paper) commitments but rather by policy implementation focused on multi-stakeholder collaboration and solution development. Businesses, local actors, non-governmental stakeholders are all part of the solution. For business, there is an opportunity for developing new products and services linked to social innovation whereby stakeholders should be part of the design and planning process.

For this reason, this publication by Bertelsmann Stiftung becomes all the more important and very timely. It points out what sectors can achieve through more collaboration and also points to the critical success factors for achieving the required impact. And impact is what is needed.

It therefore seems an appropriate setting to highlight the statement of Ban Ki-Moon at the World Economic Forum last year: “Together, let us tear down the walls between the development agenda and the climate agenda. Between business, government and civil society. Between global security and global sustainability. It is good business, good politics and good for society.”

Stefan Crets
Executive Director
CSR Europe
Brussels, Belgium
1. Sector-specific Corporate Responsibility in Europe: Introduction

Thomas Beschorner, Thomas Hajduk, Samuil Simeonov

1.1 Introduction

Corporate responsibility (CR) is a tricky notion. Its prominence among practitioners and scholars alike has grown over the last two decades. So have various attempts to define responsibility. The endorsement of the ISO 26000 norm has been the most comprehensive step so far towards pinning down the essence of CR. Yet even this common understanding of the social responsibility of organisations cannot go beyond being a general blueprint for CR since “it is an individual organisation’s responsibility to identify which issues are relevant and significant for the organisation to address, through its own considerations and through dialogue with stakeholders” (ISO 2010: vi). In other words, if CR is to be made concrete and applicable, it needs to be boiled down to the concrete circumstances of an individual company. Each company and, more generally, each organisation has not only its own non-arbitrary responsibilities, but also its own issues, needs and capabilities – all of which need to be taken into consideration.

However, building a concept of CR merely upon individual firm perspectives seems neither theoretically adequate nor sufficient for CR practices. Firstly, business responsibilities are not arbitrary but, rather, need to be connected to some general moral norms in order to be both effective and credible within society. Secondly, even the largest corporation – let alone any small or medium-sized enterprise (SME) – cannot live up to the entire range of sustainable-development challenges that come along with its responsibility. Indeed, the problems are simply too complex and interrelated to be sufficiently tackled by a single company, whatever its size may be. Thirdly, since enterprises in market economies compete with each other, they sometimes cannot easily adopt measures that might risk creating competitive disadvantages (Fairchild 2008). While we do not regard business logic as the “ultima ratio” for CR (Beschorner 2004), we assume that chances of implementation are...
higher when businesses cooperate. For this reason, CR concepts need to consider an institutional level – the rules of the game – as an important part of their architectures. *Fourthly*, in recent years, it became clear that fruitful CR practices could especially be realised through collaborations (Wettstein 2012) between a set of different actors with diverse resources and capabilities. Hence, interactions between businesses, NGOs, political actors and other organisations seem to be a crucial aspect of CR in the 21st century.

What is denoted here is the search for a concept of CR analysis and practice that allows for dealing with and connecting CR to the activities of individual companies as well as the institutional arrangements they operate under. This leads to two important actors in the field: businesses and political actors.

### 1.2 On businesses and political actors

Globalisation is a fact of life for most people. The flow of capital, goods, people and information around the globe offers opportunities for unprecedented economic growth, but it also gives rise to an unknowable degree of risks. Whereas the advantages and disadvantages of globalisation are subject to (normative) debate (see, e.g., Stiglitz 2002; Baghwati 2004), there is a strong consensus that it has brought serious challenges to the nation-state. Governments, as the traditional source of governance, are faced with complex and interconnected problems that they can no longer deal with on their own (Rosenau and Czempiel 1992; Zürn 1998). The deficient governance of common goods, such as water or the climate, are examples of governments’ limited problem-solving capacity vis-à-vis such challenges, the biggest of which is sustainable development.¹

The intergovernmental debate about economic growth and whether it can be reconciled with environmental limitations and social concerns began as early as in the 1960s (Schrijver 2010). The United Nations Conference on the Human Environment (1972), the World Commission on Environment and Development (the “Brundlandt Commission”) (1983–1987) and the United Nations Conference on Environment and Development (1992) mark important steps in governments’ process of recognising the global challenges linked to human development and the need to make economic growth more compatible with social and environmental considerations. However, these events also indicate the limitation of government action. The scale of sustainable-development challenges cannot be merely addressed by the command-and-control mode of governance characteristic of traditional bureaucracies.

¹ They include organisational leadership challenges, human rights, workplace practices, environment, operational and business practices, consumer concerns and community.
At the same time, as governments’ governance capacity is diminishing (although not vanishing), businesses assume privileges once exclusively held by governments. The often-cited East India Company, which had its own army and ability to mint money, can be considered the first multinational enterprise (MNE) to exert state-like power (Robins 2006). Although this is an extreme example, MNEs and their remarkable economic, technological and political capabilities have a significant influence on globalisation and, indeed, one that equals or surpasses the capabilities of many (developing) countries (United Nations 1973; Dunning and Lundan 2008: 636–665). Consequently, MNEs around the world can have a significant positive and negative impacts on the countries in which they operate.

But MNEs are only one part of the economy. In terms of the number of entities and their employees, SMEs form the backbone of economies. Furthermore, since they are run by entrepreneurs, they play a crucial role in bringing about the innovations that fuel the economy in developed and developing countries in addition to being needed for sustainable development (OECD 2011). Since they are linked by the Internet and global supply chains, many of today’s SMEs are as globalised as MNEs were in the past.

In fact, business has already shown interest and commitment in dealing with the vital questions of sustainable development. In the 1970s, when governments began to discover the concept, businesses were rather reluctant, and the atmosphere was one of confrontation rather than cooperation (Segafi-Nejad and Dunning 2008). This changed in the 1990s, when business representatives found a more welcoming atmosphere in formerly critical corners of the United Nations and the developing world. Business was actively involved in the U.N. Conference on Environment and Development held in 1992, the same year that the predecessor of the World Business Council for Sustainable Development (WBCSD) was founded. With the term “eco-efficiency” (Schmidheiny 1992), economical thinking was reconciled with sustainable development – at least with respect to the environment.

Governments’ and businesses’ shared interest in sustainable development led to increasing cooperation in the 1990s and 2000s, most prominently in the form of the U.N. Global Compact (UNGC) initiative, which was launched in 2000. The UNGC and business-driven initiatives, such as the European Alliance for CSR and the WBCSD, have been and continue to be instrumental in raising awareness and disseminating norms concerning sustainable development and what companies can do in this regard. In essence, they foster CR, which is deemed a company’s (or organisation’s) contribution to sustainable development (ISO 2010: xi). However, to a certain extent, such initiatives still have limitations when it comes to implementing the CR concepts they champion.

The historical perspective described above is also reflected in two different concepts in the debate on business ethics: One, which is especially present in the European debate, extends business ethics to economics ethics by introduc-
Introducing the industrial sector as new perspective on governance and CR

Industrial sectors make CR clearer and more substantial

Industrial sectors as cultural forms and contexts

1.3 Sector-specific Corporate Responsibility: a framework

The underlying assumption of this study is that, in order to better understand and thereby improve CR practices, it is necessary to bring in a sector view that considers the relevance of concrete actions while reflecting their embeddedness in institutional and cultural settings. Analysing industrial contexts in which CR is embedded can help us grasp its essential features and dynamics, which are easily overlooked when CR is treated as a uniform, one-size-fits-all concept. Thus, sector-specific CR is not a self-serving exercise of introducing yet another CR concept. Rather, it marks a step forward in terms of harnessing businesses’ potential to contribute to sustainable development. By analysing them within specific industrial sectors, the relation between business operations and their impact on society can be identified in more detail. The idea of sustainable development, which is often more abstract than concrete, becomes more tangible and practical as huge challenges become sector issues, as the “global economy” is reduced to a number of firms and as abstract responsibility turns into concrete and manageable responsibilities. As such, sector-specific CR serves as the link between global societal challenges and business responsibility.

In this volume’s final chapter, we will suggest a road leading from CR blueprints to culturally embedded responsibilities while understanding industrial sector-specific Corporate Responsibility in Europe: Introduction
sectors as cultural forms and contexts. Likewise, it is important to note that this classification according to different industrial sectors is historically grounded. The division of labour resulted in a variety of industrial sectors. This begins with the very abstract differentiation between primary (retrieval of raw materials), secondary (manufacturing) and tertiary (services) sectors, and it may end up in very specific industries, such as coal-mining, watch-making or reinsurance.

Industrial sectors became more institutionalised over time: Sector-specific vocational programmes were developed, associations were founded, entrepreneurs and employees sometimes developed a specific habitus (e.g., hard-working miners, clean chemists), which partly even resulted in certain “professions”. Against this background, it can be assumed that, firstly, actors within an industry consciously identify with their respective sector and, secondly, every industry encompasses a number of companies dealing with similar stakeholders, issues and challenges. These two aspects constitute a sectoral culture, in general, and a sectoral CR culture, in particular.

On an analytical level, we reconstruct the sectoral cultural contexts with strong orientations towards the relevant actors in the respective fields. Sector-specific CR is understood as network-like relations between a set of distinct actors in a particular sector on CR issues. The relevant actors are companies and business associations in the relevant sector as well as non-economic actors (e.g., governmental organisations, NGOs and research organisations) that constitute a so-called “organisational field” due to the flow of information between them (DiMaggio 1991; Beschorner 2004; Beschorner et al. 2004). To a certain extent, these actors are only loosely coupled, but they do share certain assumptions about the sector and the CR issues related to it. In contrast to stakeholder approaches, the organisational-field perspective focuses on the interactions between a set of organisations and the institutional dynamics between them (Beschorner 2004; 2011).

Since actors have similar perceptions of their organisational environment (e.g., competition, regulations), it is very likely that there are also similar understandings of CR in a given industry, such as on the materiality of issues, the legitimacy of stakeholder demands and the role of governments. This means that individual companies can relate to a larger, yet still practical aggregation of companies and other actors without losing sight of the distinct features of their business.

Apart from constituting an organisational field and thereby determining a set of actors with shared responsibilities, the common understanding in an industry also offers other advantages. For example, the focus on particular sectors allows for downscaling, whereby responsibility can be identified and thus made clear and manageable for companies and other actors. This sectoral downscaling can be applied with respect to at least four additional dimensions:
Challenges to society become sector-specific issues as they are refined and scaled down within an organisational field. Abstract challenges, such as “climate change”, turn into more concrete issues, such as the CO2 footprints of certain products and services, and can therefore be tackled more easily by businesses and other actors.

Industrial sectors consist of clearly identifiable actors. Instead of talking about business and stakeholders in general, concrete actors can be named, such as trade associations, a group of sector leaders, sector regulators or affected interest groups. This clarification allows for actually addressing responsibilities.

Industrial sectors can assume a spatial dimension. This matters because, these days, politics and economics are usually perceived as being global, which blurs the actual places in which globalisation happens. With the spatial dimension, the cultural conditions of the cities, regions and countries in which companies operate become relevant and shape the form of their responsibility.

Collective action between sectoral actors requires different forms of collaboration in order to cater to the specifics of the sector in question. Four modes were defined for this project: awareness-raising, partnering, soft law and mandating (see below).

1.4 Sector-specific Corporate Responsibility and the role of governments

Given the collaborative nature of sector-specific CR and the problem-solving potential resulting from collaborations, a theoretical perspective that includes interactions between varieties of actors seems to be crucial. Likewise, since (as previously discussed) sectors are understood as being organisational fields in which companies and other actors are linked with each other by their shared ideas, sector-specific CR should not be viewed as solely a business-related concept. Indeed sector-specific CR is often about public-private collaboration.

In this research project, we are particularly interested in exploring the (new) role of governments in promoting CR in specific sectors while building upon earlier, more general work on the topic (Peters and Röß 2010, Welzel et al. 2007). By tradition, governments are supposed to deal with all challenges to society, including sustainable development. However, governments cannot solve problems of a global scale by themselves. Indeed, governments and businesses need to rethink their traditional roles as mere political or economic actors, respectively. They need to collaborate with both each other and other actors. In fact, businesses are one of governments’ most important partners, as can be seen in the large number of CR-promoting public policies and initiatives (Welzel et al. 2007; Knopf et al. 2011; Moon et al. 2012). From a public perspective, it would be desirable if governments recognised the relevance of sector-
specific CR and adjusted their policies to match the distinctive aspects of individual industrial sectors.

While several sector-specific initiatives already exist, it is surprising how little attention they have gained in the general CR debate so far. In discussions between companies, governments, civil society, academia and other actors, CR is still treated as a matter of principle and with regard to the whole economy rather than as a principle that needs to be fine-tuned if it is going to matter. Examples of explicit sector-specific perspectives can be found in multi-stakeholder forums deliberating on CR (e.g., the European Multi-stakeholder Forum) or public CR agendas (e.g., Germany’s CR “Action Plan”; see Bundesregierung 2010). But these pay little or no specific attention to industrial sectors, and there are only a few of them in total. There are more examples of sector-specific initiatives, however, on both the national and international levels (see Ch. 3 to 11).

Despite the limited public debate and the research gaps, there are already well-known examples of sector-specific CR at the international level, such as the sector supplements of the Global Reporting Initiative (GRI) framework, the Equator Principle in the financial sector, standards like those set by the Forest Stewardship Council (FSC) and the Marine Stewardship Council (MSC), and some initiatives of the European Commission (see Ch. 3.1). There is also scattered evidence of initiatives at the national and regional levels, but there has been no reliable overview and analysis of such initiatives.

The relevance of the other, non-business actors depends on the specific sector. However, we assume that governments can play a key role in every industry. In fact, there are a number of reasons why including government adds value to sector-specific CR:

- Collective problems (including those related to sustainable development) are always problems of public authorities, for it is first and foremost the responsibility of public actors to deal with societal problems. Since all matters of sustainable development are of public interest, government involvement is desirable so that it can emphasise the public case for sector-specific CR.
- As the financial crisis has shown, market self-regulation is highly risky and may even not work after all. A certain degree of governmental intervention might be necessary in order to balance private business interests with legitimate public interests. There are different ways in which governments can ensure that the business case for CR is complemented by the public one. For example, in addition to playing their traditional role as legislators and sources of public funding, governments can also support sector-specific initiatives as moderators and communicators of societal problems (see Ch. 12.5).
- Governments are already involved in promoting general CR concepts. Such approaches could be more effective, however, if they were adjusted to the actual needs and issues of specific industries.  

2 An overview of sector-specific initiatives can be found in the annex to ISO (2010: 93–97).
To conclude so far, sector-specific CR might contribute to the CR debate for two particular reasons: On the one hand, it substantiates general CR concepts and makes them more manageable in terms of issues, actors, locality and modes of collaboration. On the other hand, sector-specific CR takes place in organisational fields that are ideally suited to tackling complex problems by collective action, particularly those related to sustainable development.

Our research project aims to fill the gap in both the practical CR debate and the academic literature. It does so by reviewing sector-specific CR in eight European countries and five industrial sectors while being guided by four questions:

1. What is the state of sector-specific CR across Europe and how do governments across Europe promote sector-specific CR?
2. How do sector-specific initiatives work in their respective contexts, and which role do governments play in these examples of collaborative action?
3. When do sector-specific initiatives perform well and what are the criteria for good performance?
4. What are the theoretical implications of sector-specific CR?

In order to answer these questions, the study draws on rich empirical evidence and the expertise of numerous CR and industry experts, as the following research design shows.

1.5 Empirical research design

The thesis of this book – namely, that industrial sectors matter for CR – rests on the premises of a cultural perspective that emphasises the contextuality of actions. A key element of this perspective is an interpretative concept whereby actors interpret and frame social constructions of reality. Thus, rather than being regarded as an external contextual factor, culture is based on a theory of action according to which actions are simultaneously embedded in a web of shared meanings. To capture such meanings and the cultural differences in various industries and places, a qualitative research design was set up. It determined both the selection of empirical evidence and methods.

Two notions are at the heart of our research: industrial sectors and sector-specific CR initiatives, respectively. Since the aim was to study five industries in detail, we chose sectors that have a broad range of differences (in terms of business models, economic structures, consumers and other factors). Moreover, they had to be significant to their country’s economy (understood as a share in the country’s GVA). The final sample of industries was chosen ac-

---

3 The statistics were taken from the OECD National Accounts (OECD 2010). Given their high degree of aggregation, they had to be complemented by other sources, with sometimes differing definitions and counting methods. Readers should keep in mind that all statistical data given throughout this book represent orders of magnitude rather than exact figures.
Empirical research design

cording to the United Nation’s International Standard Industrial Classification (ISIC) Revision 3.1 (see Table 1.1).

<table>
<thead>
<tr>
<th>Table 1.1: Sample of industrial sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Chemicals and chemical products</td>
</tr>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Wholesale and retail trade (WRT)</td>
</tr>
<tr>
<td>Information and communication technology (ICT)⁴</td>
</tr>
<tr>
<td>Financial services⁵</td>
</tr>
</tbody>
</table>

It is noteworthy that the five sectors are on a fairly high level of aggregation, which noticeably differs from the everyday use of these terms and sometimes even from companies’ understanding of them. For example, financial services include financial transactions as well as insurance and pension funding, while chemicals and chemical products includes the pharmaceutical industry. The reason for using these sector definitions despite their practical shortcomings lies in their heuristic value.⁶ By helping in efforts to compare industrial sectors in various countries, they offer an alternative to national statistics that are defined in different ways.

“Sector-specific CR initiative” is the second key term in the research design. It describes the different empirical forms of public-private collaboration⁷ on CR situated in industrial sectors. The notion “initiative” was chosen because it is widely used by practitioners and can be used to denote different forms of collaboration. A sector-specific CR initiative marks the beginning of a collective endeavour between businesses and other actors in the sector to tackle a given problem. It relies on the goodwill and commitment of its actors rather than on authority and pressure. For this reason, it also stresses the in-

---

⁴ In ISIC Rev. 3.1, this sector is “communications”, which we abandoned in favour of “information and communication technology”, which was introduced in ISIC Rev. 4 (U.N. 2008: 290–291).

⁵ This sector is originally called “financial intermediation”, but we have renamed it to increase its heuristic value.

⁶ Please see Chapter 13.4 for more information on the shortcomings of industry classification.

⁷ Public-private collaboration, referred to as “governance with government”, represents a broad variety of governance mechanisms and institutional arrangements in which public and private actors collaborate towards creating common norms and rules or providing public goods. They vary from public adaptation of private regulation (e.g., through the social partners in corporatist dialogues) to consultation of private actors. They also differ from traditional public regulation ("government by government") and private self-regulation ("government without government") (Börzel and Risse 2005).
novative nature of CR, which sees companies not only complying with requirements, but also actively devising their own, non-standardised solutions. Although such initiatives are not predisposed to any particular type of collaboration, certain modes can be identified in both practice and the academic literature. In general, there are three ways of coordinating action: by market transactions, by authority and by cooperation. Sector-specific initiatives are based on cooperation rather than on market transactions and authority, although they can include elements of both of the latter. This can be seen in the practical and well-established typology of four modes of public-private collaboration that was chosen to classify sector-specific initiatives (Peters and Röß 2010) (see Table 1.2).

<table>
<thead>
<tr>
<th>Mode of collaboration</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness-raising</td>
<td>initiatives that disseminate the idea of CR and provide incentives for business to adopt it (e.g., award schemes, conferences, information platforms, campaigns, training and capacity-building measures, toolkits)</td>
</tr>
<tr>
<td>Partnering</td>
<td>initiatives that combine the expertise, competencies and resources of business with those of the public sector and other societal actors to address action areas within the CR agenda (e.g., public-private partnerships, multi-stakeholder initiatives)</td>
</tr>
<tr>
<td>Soft law</td>
<td>non-binding initiatives that promote CR (e.g., corporate governance codes, codes of conduct, implementation of international principles, guidelines for CR reporting, tax exemptions for philanthropic activities, linking CR aspects to public procurement procedures and export credit boards)</td>
</tr>
<tr>
<td>Mandating</td>
<td>initiatives with a binding element that sets and enforces minimum standards in CR-relevant areas while leaving the mode of implementation to business (e.g., regulations for pension funds, stock exchange regulations, laws on CR reporting)</td>
</tr>
</tbody>
</table>

Awareness-raising and partnering are usually based on cooperation. However, some awareness-raising initiatives (e.g., consumer labels) may combine elements of cooperation and market transaction. Likewise, some soft-law initiatives employ both authority and market transaction. For example, sustainable public procurement employs authority when requiring companies to meet certain criteria in order to qualify to participate in public tendering processes. Likewise, those companies that are awarded a contract naturally also benefit from a market transaction.

Furthermore, mandating initiatives combine authority with cooperation. However, even though they set binding goals, they do not specify the exact form of compliance and usually have no provisions for sanctioning non-compliance. Instead, they rely on companies’ ingenuity to meet the goal in question. For these reasons, mandating sector-specific initiatives should not be confused with conventional laws and regulations touching upon aspects of CR. Such laws and regulations prescribe both the aim and the means for...
reaching it in addition to requiring compliance from companies (“corporate accountability”) and having sanctions for non-compliance.

Within the applied typology, initiatives may sometimes combine several modes of collaboration. For instance, a partnership may be formed to launch a sectoral CR award. In this case, the logic of partnering and awareness-raising are combined. However, the purpose of the initiative is decisive for our final classification. In the aforementioned example, this would be awareness-raising because the partnership is formed to increase awareness through an award.

The focus of the project lies on the context and impact of industrial sectors. Although a specific industry in different countries will probably have more similarities than differences, one should not expect it to be uniform in all of those countries. Given these considerations, the theoretical sample of countries was determined on the basis of political and socioeconomic differences in Europe and the consequently different approaches to CR. It includes seven EU member states (Denmark, France, Germany, the Netherlands, Poland, Spain and the United Kingdom) and one member of the European Free Trade Association (Switzerland). These countries represent different types of market economies (Hall and Soskice 2001) and modes of governmental CR action (Albareda et al. 2007).

Given the emphasis on meanings and culture in industries and countries, a qualitative mixed-method design was deemed most suitable for the empirical research. It falls into two steps: one concerning expert perceptions of sector-specific CR, the other relating to examples of sector-specific initiatives. In the first phase, CR and industry experts were asked about the state of sector-specific CR. The aim was to gather initial information about existing initiatives, in general, and about the experts’ perceptions and experiences, in particular. An online survey, a snap poll and telephone interviews were used during this phase. In the second phase, examples of sector-specific CR were studied in more detail. Scholars in the field conducted face-to-face interviews with the person(s) in charge of the corresponding initiative and wrote case studies. Desk research was conducted in parallel with these phases.8

The online survey addressed national CR and industry experts in the eight countries. The aim was to gather information about sector-specific initiatives in the countries while grasping the experts’ perception and knowledge of the field. After being identified during desk research as well as by the local project partners (see below), 310 experts were invited to participate in the online survey. In total, we received 42 valid questionnaires, or ones from 13.5 per cent of the invited experts.

Since trade associations play an important role in sector-specific CR, they were polled with regard to their views on CR via an online survey. The trade associations representing the five industries of this study were identified for each of the 27 EU and the 4 EFTA member states. Overall, 183 associations were invited, of which 34 (or 18.6 per cent) participated in the snap poll. The

---

8 Unless otherwise noted, information for this study is from May 2012.
respondents were asked about the importance of CR in their industry, about the most relevant challenges and issues their industry faces, and about their preference regarding certain types of government involvement.

As sector-specific CR is not limited to this study’s eight-country sample, telephone interviews with international CR and industry experts were conducted in order to grasp an international perspective, as well. The experts come from the European Commission, the International Labour Organization (ILO) and European trade associations and CR networks. An open interview guideline was used and contained questions regarding the state of the art, issues, success factors and trends of sector-specific CR. In total, 16 telephone interviews were conducted.

The second part of the research focused on examples of sector-specific initiatives and the way they work. A close collaboration with leading European CR scholars in the relevant countries of this research project could be realised for this purpose. These scholars included: Marta de la Cuesta González and Eva Pardo (National Distance Education University Madrid) for Spain; Tobias Goessling (Tilburg University) for the Netherlands; Janusz Reichel (University of Łódź) for Poland; Julia Roloff (ESC Rennes School of Business) for France; Anja Schäfer (The Open University Business School) for the UK; Steen Vallentin and Andreas Schmiegelow (Copenhagen Business School) for Denmark; and Christoph Weber-Berg, Sabrina Stucki and Sandra Huber-Ingold (HWZ University of Applied Sciences in Business Administration, Zurich) for Switzerland.

Based on the findings of a first workshop amongst members of the extended research team, these experts identified existing sector-specific initiatives in the respective countries. Initiatives had to meet four necessary criteria before being studied in detail: They had to be sector-specific, represent public-private collaboration, constitute collective action and have an effect on their subject matter. The scholars then interviewed representatives from those initiatives that had fulfilled these requirements and been eager to cooperate with them. For each initiative covered by this study, at least one face-to-face interview was conducted with the help of one common interview guideline. The guideline was open so as to be easily adjusted according to the interview, and it covered such aspects as the development, implementation, sector focus and performance of the initiative. The interviews were conducted in an official language of the country and documented with English summary notes and postscripts. Preliminary results of the case studies were discussed amongst members of the extended research team during a second workshop.

A few limitations are tied to an emergent field of research and the use of qualitative data. This study is not meant to be representative or exhaustive. Instead, it is about reconstructing and understanding a new phenomenon before deriving practical and theoretical lessons. In doing so, the project draws heavily on the knowledge and perceptions of experts. Therefore, rather than reflecting the perspectives of all actors involved, the empirical evidence is usually biased towards the points of view of business and government.
1.6 Structure of the book

This book is divided into 13 chapters. After this introductory section, Chapter 2 presents the results of the surveys and interviews with CR and sector experts in the eight countries as well as on the European and international levels. The aim is to grasp expert views on sector-specific CR before continuing on with a more detailed analysis of the current practice in the subsequent chapters. In Chapter 3, an overview of CR on the EU level is given, followed by more information on the five industries investigated in this study. The country reports in Chapters 4 to 11 offer a description of the general CR context in the country and subchapters on CR in the five industrial sectors. In addition, each country profile contains three case studies with illustrative examples of sector-specific initiatives.

Chapter 12 offers a review of the empirical findings of sector-specific CR at the national level. It outlines three institutional approaches used by policymakers to promote sector-specific CR and four roles that public actors play in such initiatives. After reviewing the general patterns of sector-specific CR, the chapter identifies the strengths and limitations of different types of sector-specific initiatives by introducing five performance criteria and applying them to the illustrative examples presented in the country reports.

The final chapter discusses theoretical considerations by applying a cultural perspective in business ethics and drawing on selected empirical findings, and it outlines some aspects of potential future research. We have added two appendices. The first contains concise information on the 65 sector-specific initiatives identified during the course of the project. The second presents a detailed evaluation of four sector-specific initiatives based on the criteria identified for good performance. These appendices are meant to serve as a reference for readers interested in examples and the working of sector-specific CR in specific countries and/or industries.

In conclusion, this research project has involved conducting the first empirical, comparative study to focus on sector-specific CR, in general, and the role of government, in particular. By exploring this new field, we hope to open up new avenues for research while simultaneously encouraging practitioners to discover sector-specific perspectives on CR.

References


References


Peters, Anna, and Daniela Röß (2010). The Role of Governments in Promoting Corporate Responsibility and Private Sector Engagement in Development.


References


2. Experts’ Views on Sector-specific Corporate Responsibility

Thomas Hajduk and Samuil Simeonov

Summary

Sector-specific corporate responsibility is an emerging subject both in practice and in the general CR discussion. In order to look into existing knowledge and perceptions of the concept, we surveyed CR experts in the eight European countries covered in the study via an online survey (see Section 2.1). These national perspectives were complemented by interviews with CR experts at international organisations and European business trade associations (see Section 2.2) and by a snap poll among national trade associations (see Section 2.3). Thus, the three parts form a topical and impressionistic picture of the state of sector-specific CR in Europe.

2.1 CR experts in European countries

Over the last decade, the term “corporate responsibility” has gained prominence in Europe. The notion is now widely used by different groups, although individual understandings may vary considerably. By contrast, the fact that sector-specific CR has no such pedigree leads to the question of whether and to what extent CR experts are aware of this concept. To get an initial picture of the general awareness of sector-specific CR, an explorative online survey was conducted in eight countries. CR experts were asked about their knowledge of and views on sector-specific CR in one (or more) of five industrial sectors.

The online survey was conducted between the start of October and the end of December 2011. It comprises two sections. The first section focused on the general CR framework in the particular country, such as the CR understanding, main drivers and role of government. The second section dealt with sector-specific CR. First, respondents were asked to choose one or more of the five

Methodological approach

Questionnaire design
Experts’ Views on Sector-specific Corporate Responsibility

industrial sectors in question.\(^9\) In addition to general questions about the sector (e.g., its reputation and particular CR issues), respondents were asked to choose from among four types of CR initiatives in which the government has a significant role: awareness-raising, partnering, soft law and mandating. For each type, they provided examples, rated the prevalence of certain CR issues and evaluated the performance of such initiatives using a set of given criteria.

In cooperation with our national academic partners, we identified a total of 310 CR experts who could be assigned to one of four societal groups: government (i.e., administration and politics), business (i.e., large companies, trade associations and business CR networks), civil society (i.e., NGOs, trade unions, foundations) and academia (i.e., universities, specialised consultancies and think tanks).

We had received 61 completed questionnaires. Since 19 respondents did not choose any sector at all, their questionnaires were excluded from the sample. The relatively low response rate might be interpreted as indicating a lack of familiarity with sector-specific CR so far. This observation is confirmed by some respondents. A significant number of participants left the questionnaire at some point without continuing with it later (about 37 per cent of the total sample).

**Figure 2.1: Responses by country**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>2</td>
</tr>
<tr>
<td>DE</td>
<td>9</td>
</tr>
<tr>
<td>DK</td>
<td>7</td>
</tr>
<tr>
<td>ES</td>
<td>6</td>
</tr>
<tr>
<td>FR</td>
<td>1</td>
</tr>
<tr>
<td>NL</td>
<td>1</td>
</tr>
<tr>
<td>PL</td>
<td>11</td>
</tr>
<tr>
<td>CH</td>
<td>5</td>
</tr>
<tr>
<td>DE</td>
<td>9</td>
</tr>
</tbody>
</table>

The expertise in sector-specific CR was distributed unevenly among the 42 valid questionnaires. First of all, three countries were considerably underrepresented in the sample of experts (France, the Netherlands and the UK), whereas

\(^9\) The information and communications technology (ICT) sector was not used in the survey but, rather, its subsector telecommunications. However, we observed that respondents and, later, interviewees understood telecommunications as the wider ICT industry when responding to our questions, for example, by referring to IT initiatives. We therefore changed the sector classification.
Poland accounted for a quarter of all respondents (see Figure 2.1). Some of the sector expertise was strongly influenced by responses from single countries: Germany accounted for half of all responses on telecommunications, Denmark accounted for six out of 14 responses on the wholesale and retail trade (WRT), and Spain and Poland constituted about 60 per cent of all responses on financial services (see Figure 2.2). Although the nature of the data does not allow conclusions to be drawn about individual countries and industry sectors, it still gives a general impression of how European CR experts perceive the concept of sector-specific CR.

Industrial sectors are faced with several CR issues, but it can be assumed that their priorities differ according to their needs. To test this thesis, the respondents were asked which of the seven core subjects were relevant to their industry (see Table 2.1). The core subjects were borrowed from those of the ISO 26000 guidance, which cover a broad range of issues divided into seven clusters.10

In the chemicals industry, all respondents claimed that there is one prevailing issue: environment. This concentration is remarkable given the indus-

---

10 These are: (1) organisational governance (e.g., transparency, incentive structures); (2) human rights (e.g., engagement with repressive states, discrimination); (3) labour practices (e.g., wages, employment practices); (4) environment (e.g., hazardous substances, emission of greenhouse gases); (5) fair operating practices (e.g., anti-corruption, fair competition); (6) consumer issues (e.g., fair marketing, sustainable consumption); and (7) community involvement and development (e.g., education and culture, promoting socioeconomic development).
Experts’ Views on Sector-specific Corporate Responsibility

Country’s wider scope of CR issues, especially in health and safety. It could be explained by the sector’s persisting reputation as a polluter.

The two issues most often cited for the construction sector were environment and labour practices. This perception hints at the labour intensity in and the considerable environmental impact of the sector. It is noteworthy that operational and business practices, including corruption, were only named by two out of six experts, although construction continuously ranks low in Transparency International’s Bribe Payers Index.11

Consumer issues, environment and labour practices were considered important issues in the WRT sector by over three-quarters of respondents. These three issues particularly reflect how the retail trade is in close interaction with consumers. More than half of the respondents also deemed human rights to be an important topic, which is more than in any other sector. The prominence of fair trade products could explain the relevance of this topic, which the experts said plays no apparent role in the construction, telecommunications and chemicals industries.

Table 2.1: CR issues in the five sectors (multiple selections possible)

<table>
<thead>
<tr>
<th>Sector</th>
<th>n</th>
<th>Organisational governance</th>
<th>Human rights</th>
<th>Labour practices</th>
<th>Environment</th>
<th>Fair operating practices</th>
<th>Consumer issues</th>
<th>Community involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>5</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>100%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Construction</td>
<td>6</td>
<td>0%</td>
<td>0%</td>
<td>67%</td>
<td>83%</td>
<td>33%</td>
<td>0%</td>
<td>17%</td>
</tr>
<tr>
<td>WRT</td>
<td>14</td>
<td>29%</td>
<td>57%</td>
<td>79%</td>
<td>86%</td>
<td>36%</td>
<td>86%</td>
<td>21%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>8</td>
<td>38%</td>
<td>13%</td>
<td>38%</td>
<td>75%</td>
<td>50%</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>22</td>
<td>64%</td>
<td>27%</td>
<td>32%</td>
<td>36%</td>
<td>73%</td>
<td>55%</td>
<td>23%</td>
</tr>
</tbody>
</table>

In the telecommunications sector, three-quarters of the respondents named environment and consumer concerns as relevant sector issues. Half of the respondents also chose fair operating practices, which probably owes something to the special responsibility of former state-owned monopolists.

In the financial services sector, the top CR issues were fair operating practices, organisational governance and consumer issues. This distribution can be seen as resulting from the recent debate about bonus payments, scandals concerning rogue traders and the sale of high-risk investments to unaware small investors. Notably, community involvement was the issue cited by the experts the least, although banks, in particular, invest in the communities by sponsoring things such as cultural and sporting events.

11 www.transparency.org/research/bpi/overview.
CR in general can be promoted through different types of initiatives. Using the typology of four categories of CR initiatives (see Ch. 1.5), respondents were asked to indicate which types they were aware of in the respective sector (see Figure 2.3). The results show that the prevalence of types of initiatives varies across industries. For instance, while distribution in the construction and chemicals sectors is quite balanced, awareness-raising ranked on top in the WRT sector: 12 out of 14 experts were familiar with such initiatives, which probably reflects the use of (consumer) labels in this industry. In contrast, only two experts knew about mandating initiatives in this sector, which were also rather unknown in the telecommunications sector. Here, more than 60 per cent of the experts named partnering initiatives, which were barely mentioned for the financial services sector. Instead, experts in this latter sector were aware of the other three types. What is more, it is notable that many of them (about 40 per cent) were familiar with mandating initiatives in what is often viewed as one of the most regulated industries.

Another part of the questionnaire dealt with the performance quality of the different types of initiatives. The experts were given a set of ordinally scaled criteria (e.g., effectiveness, legitimacy and impact potential) in order to evaluate the types of initiatives they had chosen. Each criterion had five manifestations, ranging from “low” (1) to “high” (5). Since the construction, telecommunications and chemicals sectors had a low response rate, we will focus on the WRT (see Table 2.2) and financial services (see Table 2.3) sectors here.

Initiatives in the WRT sector received rather medium ratings. At the same time, partnering and mandating initiatives were deemed more effective than
Experts’ Views on Sector-specific Corporate Responsibility

awareness-raising and soft law. When it comes to the effectiveness of sector-targeting—that is, the appropriateness of initiatives vis-à-vis sector requirements—soft law ranked first. In terms of legitimacy—that is, whether companies deemed government engagement to be appropriate—mandating initiatives received a low rating. Interestingly, experts considered awareness-raising and partnering initiatives to be slightly more capable of contributing to societal welfare than soft-law and mandating initiatives. The evaluation—that is, the systematic appraisal of initiatives—was considered to be rather weak since the experts thought that only a fraction of the initiatives they knew about were evaluated. Overall, the ratings show medium results, with awareness-raising and partnering scoring slightly better.

Table 2.2: Evaluation of initiatives by type in the WRT sector (median ratings; number of respondents per industry in parentheses)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Awareness-raising</th>
<th>Partnering</th>
<th>Soft law</th>
<th>Mandating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12</td>
<td>8</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Effectiveness sector</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>3.5</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Potential</td>
<td>3.5</td>
<td>3.5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Participation</td>
<td>3</td>
<td>3.5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Evaluation</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

In the financial services sector, the overall ratings are similar with some diverging aspects. Awareness-raising initiatives received below-average ratings in effectiveness, legitimacy and evaluation. Instead, experts preferred mandating initiatives, especially over soft law. The effectiveness of mandating initiatives was rated above average as was their potential to contribute to societal welfare, while soft law was ranked below average. These ratings may reflect an oft-cited cause of the financial crisis: the failure of the financial markets to sufficiently regulate themselves.

The survey of CR experts confirms the emerging nature of sector-specific CR. Only a small fraction of respondents viewed themselves as having expertise in this new field. The telephone interviews (see Section 2.2) and, to a certain extent, the research for the case studies confirmed this lack of consistent information about sector-specific CR. Apart from the fact that discussion of sector-specific CR is still in an early stage, one reason for the limited information available lies in the general difference between implicit and explicit CR.

12 The median for mandating initiatives can be distorted here since only three experts evaluated this type.
13 See previous footnote.
14 The evaluation of partnering initiatives is not reliable since it rests on only two responses.
Table 2.3: Evaluation of initiatives by type in the financial services sector
(median ratings; number of respondents per industry in parentheses)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Awareness-raising (11)</th>
<th>Partnering (2)</th>
<th>Soft law (12)</th>
<th>Mandating (9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Effectiveness sector</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Potential</td>
<td>3</td>
<td>3.5</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Participation</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Evaluation</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

As the case studies in this book show, many examples of sector-specific CR are not called “corporate responsibility” or tied to CR policies or programmes. Instead, they deal with bread-and-butter topics, such as providing internships, creating brochures on the sustainable dosing of detergents or using better packaging to produce less waste. In other words, sector-specific CR is rather more implicit than explicit. Indeed, the very term “sector-specific CR” has not yet been firmly established. Therefore, the response rate and the reactions to the survey show that a common language for sector-specific CR still needs to be developed. In fact, the responses we have received throughout the whole project indicate that the required expertise is in a formative stage.

At the same time, the experts’ responses indicate that the conditions of CR can differ considerably from industry to industry, as evinced, for example, by the relevant CR issues.

2.2 CR experts in international organisations

The aim of the interviews was to grasp international perspectives on and recent trends in sector-specific CR, especially in Europe. The interviews were conducted between November 2011 and January 2012. Twelve CR experts from four groups were interviewed: international organisations, international business associations, international CR initiatives and European trade associations (see Table 2.4).

The interviews were based on an open interview guideline. The main questions concerned the state of sector-specific CR, the organisation’s experience in this field, success factors, trends and issues, and the role of governments. Due to the considerable variety of interviewees, not all of these questions could be used in each interview. However, except in the case of the interviews with representative of sector organisations, only limited familiarity with the concept of sector-specific CR was demonstrated, which reaffirms ear-
Experts’ Views on Sector-specific Corporate Responsibility

Observations on how expertise in this field is still patchy. Moreover, in some cases, certain subjects have developed further since the interviews were conducted.

2.2.1 International organisations

Representatives of two organisations on the international level were interviewed for the project: one Directorate-General (DG) of the European Commission and the International Labour Organization (ILO). The Commission can be safely called the most important public actor promoting CR in Europe (see Ch. 3.1). The two DGs mainly responsible for CR are the DG for Employment, Social Affairs and Inclusion (DG EMPL) and the DG for Enterprise and Industry (DG ENTR). However, we were only able to conduct an interview with the former.

The European Commission’s DG EMPL oversaw a 2010 study on responsible supply-chain management in three industries.\(^\text{15}\) Furthermore, it is active in sectoral Social Dialogue Committees (SDCs). There are up to 40 SDCs, a number of which have an interest in CR. The DG EMPL clarified that the Commission had written a Communication on CSR in 2011 that focused on the international aspects of CR, non-financial disclosure, CR and education and training, and market reward for companies.\(^\text{16}\) At the moment, the Commission’s main CR-related task involves implementing this Communication.\(^\text{17}\)

Table 2.4: List of interviewed organisations

<table>
<thead>
<tr>
<th>Group</th>
<th>Organisation</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>European Commission, DG EMPL</td>
<td><a href="http://www.ec.europa.eu/social">www.ec.europa.eu/social</a></td>
</tr>
<tr>
<td>International organisations</td>
<td>International Labour Organization</td>
<td><a href="http://www.ilo.org/sector">www.ilo.org/sector</a></td>
</tr>
<tr>
<td>International business</td>
<td>BusinessEurope</td>
<td><a href="http://www.businesseurope.eu">www.businesseurope.eu</a></td>
</tr>
<tr>
<td>associations</td>
<td>International Chamber of Commerce</td>
<td><a href="http://www.iccwbo.org/policy/anticorruption">www.iccwbo.org/policy/anticorruption</a></td>
</tr>
<tr>
<td></td>
<td>European Association of Craft, Small and Medium-Sized Enterprises</td>
<td><a href="http://www.ueapme.com">www.ueapme.com</a></td>
</tr>
<tr>
<td>European trade associations</td>
<td>European Chemical Industry Council</td>
<td><a href="http://www.cefic.org">www.cefic.org</a></td>
</tr>
<tr>
<td></td>
<td>European Construction Industry Federation</td>
<td><a href="http://www.fiec.org">www.fiec.org</a></td>
</tr>
<tr>
<td></td>
<td>EuroCommerce</td>
<td><a href="http://www.eurocommerce.be">www.eurocommerce.be</a></td>
</tr>
<tr>
<td></td>
<td>European Banking Federation</td>
<td><a href="http://www.ebf-fbe.eu">www.ebf-fbe.eu</a></td>
</tr>
<tr>
<td></td>
<td>European Savings Banks Group</td>
<td><a href="http://www.esbg.eu">www.esbg.eu</a></td>
</tr>
<tr>
<td>International CR initiatives</td>
<td>Business Social Compliance Initiative</td>
<td><a href="http://www.bsci-intl.org">www.bsci-intl.org</a></td>
</tr>
<tr>
<td></td>
<td>Global Reporting Initiative</td>
<td><a href="http://www.globalreporting.org">www.globalreporting.org</a></td>
</tr>
</tbody>
</table>

\(^\text{17}\) However, this topic does fall within the competence of the DG for Internal Market and Services.
Within its overall Decent Work Agenda, the ILO is dedicated to promoting a wide range of labour and, to a certain extent, human rights issues and, therefore, has a stake in CR.\textsuperscript{18} It was among the first international organisations to embrace CR when it adopted its Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in 1977.\textsuperscript{19} While the ILO does not have an explicit policy on sector-specific CR, it encourages and implicitly supports sectoral CR initiatives through its Sectoral Activities Programme, which focuses on 22 major industries. Commerce, as the wholesale and retail trade is called within the ILO programme, provides an example. Here, for instance, the ILO supports the negotiation of Global Framework Agreements (GFAs) that are concluded between multinationals and global union federations and adhere to ILO norms.\textsuperscript{20} Another example is the ILO’s Better Work Programme, which aims to eliminate child and forced labour as well as other issues in countries such as Cambodia by monitoring factories and improving working conditions in cooperation with the factories’ management.\textsuperscript{21}

The ILO indicated two enablers for voluntary GFAs: (1) respect of commitments by both parties and (2) continual dialogue between employers and employees. As for the future, the organisation wants to encourage the creation of further GFAs and the implementation of existing ones. The GFAs and CR in general are seen as strictly voluntary exercises that do not require government involvement. Instead, governments are responsible for the implementation of ILO standards within national labour legislation.

2.2.2 International business associations

In addition to (large) companies, business associations can be strong drivers of CR. Three cross-sectoral business organisations were interviewed for this project: (1) the International Chamber of Commerce (ICC), which claims to represent businesses worldwide; (2) BusinessEurope, a confederation of business associations in 35 European countries; and (3) the European Association of Craft, Small and Medium-Sized Enterprises (UEAPME), which specialises in representing European SMEs. All four organisations are engaged in the international CR debate.

The ICC has a Commission on Corporate Responsibility and Anti-Corruption that deals with general CR issues.\textsuperscript{22} However, there is no sector-specific CR policy. Claiming the role of a neutral intermediary, the ICC acts only upon demand by its business members. For example, when companies from the

\textsuperscript{18} The interview was conducted with John Sendanyoye, an ILO specialist on the commerce sector as well as on financial and professional services.


\textsuperscript{20} www.uniglobalunion.org/Apps/unisnfs/pages/gfaEn.

\textsuperscript{21} Better Factories Cambodia (www.betterfactories.org).

\textsuperscript{22} The interview was conducted with François Vincke, Chairman of the ICC Commission on Anti-Corruption. More information on the Commission is available online at: www.iccwbo.org/about-icc/policy-commissions/corporate-responsibility---anti-corruption.
Experts’ Views on Sector-specific Corporate Responsibility

Aeronautics and defence sectors followed the OECD Anti-Bribery Convention, they asked the ICC to provide a forum for adopting common anti-bribery standards. The aim of this forum was to create a level playing field in terms of anti-corruption standards for the sector worldwide.

In the context of the sector forum, three criteria seem crucial for the success of a given initiative. First, there has to be a real need or common pain shared by the participating businesses. Second, there has to be a practical interest in the initiative, such as the interest that companies had in complying with OECD rules to establish a level playing field. Finally, sector initiatives require a basic feeling of trust and confidence among participants that are often competitors.

BusinessEurope is aware of sectoral specificities in CR.23 CR is sometimes discussed in the sectoral social dialogue committees by sectoral trade unions and employers’ organisations. The latter claim that CR should be voluntary and are led by businesses that see the issue in question as increasingly relevant to their operations. In their view, governments should promote such general or sector-oriented initiatives launched by businesses.

The UEAPME also deems a sector-based perspective important because it believes that companies interested in CR need peers with which to discuss ways of implementation and best practices.24 For this reason, where appropriate, the organisation includes CR in its sectoral policies. However, such initiatives do not deal explicitly with CR but, rather, address some of its issues, such as environmental management. Nevertheless, the UEAPME believes that CR initiatives should be adjusted to the size and type of a company rather than to the industry because CR ultimately depends more on each company’s specific needs than on the characteristics shared across a sector. The sectoral approach, it believes, may still be too broad for SMEs.

According to the UEAPME, governments could foster SMEs’ engagement in CR in two ways. First, they could offer technical support and expertise for the implementation of CR policies, such as on waste reduction, energy efficiency and human rights. Second, SMEs need more information about their supply chains in developing countries. This information could be gathered and provided by public bodies, such as the ILO, European and national embassies, and the European Commission.

2.2.3 International CR initiatives

There are many well-established international CR initiatives that often promote the concept through partnering and soft law. Some of them, such as the Business Social Compliance Initiative (BSCI), were specifically designed for a

23 The interview was conducted with Rebekah Smith, BusinessEurope’s Social Affairs Adviser, who is responsible for CSR.
24 The interview was conducted with Luc Hendrickx, Director of Enterprise Policy and External Relations at the UEAPME.
certain sector. Others, such as the Global Reporting Initiative (GRI), address business in general but have introduced sectoral specifications.

The international BSCI is the successor to the German AVE Sector Model Social Responsibility (see Ch. 6.2). Its aim is to improve working conditions in factories and farms in the international supply chain of its participating companies by offering a common code of conduct and a monitoring mechanism as well as capacity-building measures to implement the code. The code basically covers health and safety, social and labour issues, and environmental aspects. The BSCI initially addressed only one sector (retail), but it has grown to become what is now a cross-sectoral initiative (including, e.g., electronics, toys, food and agriculture). The major fault line has thus become the difference between food and non-food companies. The BSCI includes over 900 business participants and is active in several developing countries. Stakeholder dialogue at different levels—and particularly in supplier countries—is another important pillar of the BSCI.

The BSCI identifies two factors that have an impact on its success. First, its own and other standards need to be better known and understood by public procurers. There are still many government departments that cannot consider a responsible supply chain in their procurement decisions because they are unaware of such initiatives. Second, guidance is needed when it comes to understanding and assessing different standards and the differences/similarities between them (i.e., their “equivalence”). An assessment of different standards should be done on neutral grounds, it believes, such as through an EU initiative. The resulting guidance could help procurement agencies as well as consumers and (small) businesses.

Apart from socially responsible or sustainable public procurement, the BSCI thinks that governments could offer training to its SME participants. These companies lack the resources and expertise needed to develop all the capabilities required for responsible supply-chain management. In addition, the BSCI cooperates with governments in both home and host countries. In home countries, public bodies responsible for development and economic cooperation interact with the BSCI; in host countries, governments are invited to local roundtables in order to increase local ownership.

With its Sustainability Reporting Framework, which includes the Reporting Guidelines, GRI offers widely used guidance for sustainability reporting—synonymous with CR reporting—and is considered a de-facto standard. GRI is referred to in these terms in several national and international policy documents and legislative instruments. GRI intends its Framework to be useable by organisations of any size, sector or location.

---

25 The interview was conducted with Lorenz Berzau, Managing Director of the BSCI.
26 The interview was conducted with a GRI representative.
The GRI Guidelines themselves are complemented by Sector Supplements which include additional guidance for industries like construction, financial services or oil and gas. The Supplements were developed due to demand from specific sectors that needed guidance beyond the general Reporting Framework. The extractive, mining and metals industry can be seen as a key example of current sectoral CR reporting. Reporting in this sector is inter alia required by a provision on “conflict minerals” in the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted by US Congress in 2010. GRI expects more of this reporting on social topics (e.g., on human rights) and reporting on biodiversity in coming years.

GRI mentions four success factors for reporting initiatives. First, multi-stakeholder working groups of experts need to be convened, including sectoral experts. The OECD process for developing its due diligence guidance for the mining sector can be seen as a good example. For GRI, working groups should be balanced in terms of their constituency representation, and include representatives from, for example, business, financial markets, the labour movement and civil society organisations. Second, the companies or organisations affected by reporting should be able to respond to drafts of proposed guidance during public comment periods, in order to gain their insights and win their support. Third, there is a need for alignment with existing reporting instruments. Finally, implementing reporting can benefit from an approach based on smart regulation.

Governments can play a vital role in supporting the alignment and implementation of CR reporting. On the one hand, international organizations can align their approaches by collaborating with each other. The GRI cites its Memoranda of Understanding with the UN Global Compact, the OECD and the Carbon Disclosure Project as examples. On the other hand, national governments could promote alignment by incentivizing the combined use of existing standards rather than developing their own.

2.2.4 European trade associations
Evidence from the case studies shows that trade associations are key to sector-specific CR. In addition to being familiar with a sector’s needs and capabilities, they are themselves active players in launching and managing CR initiatives. This applies to both national and international trade associations. For these reasons, we interviewed five trade associations, which represented four of the five sectors of this study: the European Chemical Industry Council (CEFIC), the European Construction Industry Federation (FIEC), EuroCommerce, the European Banking Federation (EBF) and the European Savings Banks Group (ESBG). Given the impressionistic nature of the interviews, the selection is not meant to be representative or imply preference for any organisation. Some sectors have more than one trade association representing them. In most cases, all respective organisations were contacted. We were not able to conduct an interview with representatives of the ICT sector.
CEFIC implements the Responsible Care (RC) initiative in Europe (see Ch. 3.2).\(^2\) The organisation stresses that it is not a CR programme and that it predates the CR debate. However, RC covers various aspects of CR in the sector, and many CR initiatives are launched by national trade associations under its umbrella. Moreover, this sector-specific initiative benefits from a long-term strategy that is not subject to short-term changes, as company CR programmes can be. During its 27 years of existence, RC has proven itself adept at fostering mutual trust not only among its participants, but also in relations between business and government. On the EU level, this implies cooperation with the Commission on the vulnerability of certain industries to terror or criminal acts as well as within the context of the joint Sustainable Chemistry Platform, among other things.

In general, RC is a top-down programme that has developed on the global level and been promoted through regional associations, such as CEFIC in Europe. Implementation on the national level is carried out by national chemical associations and as a result of the commitment of senior company executives. However, there is a very firm bottom-up belief in it, as well. Specific for RC is the fact that it is implemented up to the shop-floor level of the production facility. As a result, a lot of improvement plans are defined on lower levels and subsequently implemented as part of company policy.

According to CEFIC, four factors have contributed to the success of RC, which has already attracted the interest of companies from other sectors. First, the fact that senior executives are aware of the initiative’s relevance has led to strong commitment to it at the top levels. Second, participants are willing to improve the sector’s battered reputation and to restore its credibility. Third, it is acknowledged that government regulation alone will not solve certain problems that, instead, require new forms of cooperation, such as that offered by RC. Fourth, the diffusion of the RC standard has been so successful that it is a must-have these days. In fact, even B2B customers sometimes require an RC certificate.

When asked about the most relevant CR issues, CEFIC mentioned some of the core RC subjects (e.g., climate protection, innovation and plant, product and transport safety), but also new issues (e.g., water and security). The organisation expects social issues to grow in importance in the coming years.

CEFIC thinks that government can support CR in the sector by helping companies remain competitive. This could be done by improving conditions for research and enhancing cooperation between science and business.

The European Construction Industry Federation (FIEC) does not have an explicit CR strategy in place, but its sustainability strategy does include CR principles.\(^3\) In general, the organisation thinks that CR is a wide-ranging concept and

\(^2\) The interview was conducted with Bernard Thier, Responsible Care Manager (until December 2011).

\(^3\) The interview was conducted with Ulrich Paetzold, Director General of FIEC. The strategy is available online at: www.fiec.eu/DocShare/Common/GetFile.asp?PortalSource=147&DocID=8509&mfd=off&pdoc=1.
Experts’ Views on Sector-specific Corporate Responsibility

should be viewed as a company’s specific, voluntary commitment much more than its meeting of statutory or contractual obligations. After initial, halfhearted attempts to adopt the concept, companies have realised that seriously engaging in CR can yield benefits, such as higher employee motivation, fewer accidents and injuries, and improvements in quality. Larger companies have started to demand CR from their subcontractors and thereby promoted it among SMEs.

As for sector-specific initiatives, these usually take place on the national and individual company levels. Guidelines developed by a multi-stakeholder initiative to enhance CR in the construction sector are a noteworthy example of a European initiative.³¹

According to FIEC, the success of CR in the construction sector depends on certain factors. First, general awareness about CR and its potential benefits for the company, its workers and society needs to be raised among companies. Second, owners and management need to be personally convinced of the added value of responsible business practices. Moreover, CR’s potential impact on reputation needs to be stressed, taking into consideration the sector’s bad image. However, the potential of CR goes beyond reputational gains; it is also likely to boost the overall competitiveness of the company. Last, market incentives—such as taking CR aspects into consideration in sustainable public procurement, provided they are directly linked to the subject matter of the contract—could help convince companies to become more active in CR.

FIEC holds that the industry’s main CR issues are fair operating practices, environmental and social concerns, industrial relations and health and safety. Respect for human rights is usually not problematic in the EU, whereas international construction companies operating outside Europe sometimes have to deal with third-country competitors that do not respect the same rules as they do. Gender questions are not an important part of the CR debate in the sector, except for equal opportunities. Finally, anti-corruption, which is often perceived as a sector-specific CR issue, is regarded as a legal issue and therefore part of compliance with laws rather than voluntary CR.

Governments can have several positive impacts on CR in the industry, FIEC believes. Their most important role is awareness-raising since companies need to be convinced of the value of CR. Partnering and continuing support for business-led initiatives are further means of support. Governments could also provide good examples of how SMEs engage in CR. Indeed, FIEC members discuss good practice examples, and the association opposes mandating initiatives in the belief that CR should remain a voluntary commitment.

EuroCommerce mentioned the many CR activities of its members, which include national associations, branch associations and companies.³² On the

³² The interview was conducted with Jürgen Noack, EuroCommerce’s Manager for Advocacy and Communications.

54
European level, the organisation hosts a CSR Experts Group that gives members an opportunity to discuss recent European trends and policy initiatives as well as to exchange practices in an informal setting. In addition, EuroCommerce engages in projects with other European organisations. For example, in the framework of the laboratories programme of the European Alliance for CSR, it led a sectoral laboratory on the local engagement of trade companies. The European Commission strongly encouraged the retail sector to set up the Retail Forum for sustainability. The sector went even further by setting up the Retailers’ Environmental Action Programme (REAP).

For these and other sectoral CR initiatives to work, EuroCommerce considers two factors essential: First, a multi-stakeholder approach is needed. Indeed, the organisation underscores the importance of cooperation with NGOs, including critical ones. Second, open communication and transparency facilitate cooperation between different actors.

From EuroCommerce’s point of view, there are a number of CR issues relevant to the sector. Sustainable global supply chains have become a major challenge for trade companies. Employees and working conditions in general are classic sector issues, as are customer relationships. EuroCommerce also mentions the environment and, in particular, the major issue of sustainable production and consumption.

The association welcomes government involvement in the form of facilitation, moderating, (financial) support and awareness-raising. European and national public authorities should, in particular, initiate multi-stakeholder platforms for mutual exchange. The association believes that CR should be voluntary and therefore sees no need for mandatory legislation.

Two trade associations were interviewed for the financial sector: the European Banking Federation (EBF) and the European Savings Banks Group (ESBG). This was done because commercial and savings banks differ considerably in terms of their business models and approaches to CR. Despite these general differences, both associations claim that CR is a very relevant concept in the industry. The EBF refers to individual banks’ CR policies and programmes. For such banks, CR has become a question of competitiveness. By contrast, the ESBG sees CR as an integral part of its identity and understanding of its responsibility to society.

---

33 CSR Laboratories consist of practical, business-driven projects that deal with a certain CR issue as defined in the priority areas of the European Alliance for CSR: www.csreurope.org/pages/en/laboratories_quickguide.html.
37 The interview was conducted with Florence Ranson, Senior Adviser Communications and PR at the EBF.
38 The interview was conducted with Laura Gutierrez, Legal Adviser Retail Banking at the ESBG.
39 See the case study on the Spanish savings banks.
Experts’ Views on Sector-specific Corporate Responsibility

In terms of experience with CR, however, the two associations differ. While the ESBG has been working closely with the European Commission since the beginning of the CR debate in Europe, the EBF has started to develop its position as a trade association towards CR in the EU and works together with CSR Europe to bring in a sectoral perspective to complement the work of individual banks. While the EBF already had an internal policy in place for exchanging best practices, it indicates that its engagement with CR was triggered by the European Commission’s recent Communication (see above). However, it should be noted that the employers’ associations—the EBF, the ESBG and the European Association of Co-operative Banks (EACB)—signed a joint statement on CSR with their counterpart UNI-Europa Finance in 2005 within the Sectoral Social Dialogue Banking Committee (SSDC).

Given the competitive nature of commercial banking, the EBF believes that successful CR has to provide added value to banks’ brand and mission. This entails integrating CR into the corporate strategy, gaining the support of senior management, instituting regular CR reporting and pursuing a multi-stakeholder approach. The latter is also considered a success factor by the ESBG, together with awareness-raising.

The EBF’s and ESBG’s views differ when it comes to identifying the prevalent CR issues. The ESBG primarily mentions socioeconomic issues, such as financial education, community involvement and development, client protection and enhancing accessibility to banking. Such issues and economic development (e.g., lending to SMEs) reflect savings banks’ traditional business model. However, the ESBG also mentions environmental issues or, rather, financing green growth, which means putting savings banks in a better position to grant loans to SMEs investing in eco-efficiency. In comparison, the EBF cites a broader range of issues. In addition to labour relations and financial education, community involvement, responsible investment, environmental awareness and financial inclusion, it also includes business behaviour and accountability.

Both the EBF and ESBG see a positive role for government in promoting sector-specific CR. The EBF thinks that governments could, inter alia, act as facilitators and moderators in partnering initiatives. Such initiatives should not be binding but, rather, should respect the voluntary nature of CR. While the EBF prefers international standards to a legal framework, the ESBG thinks that governments should engage in awareness-raising in general and support or facilitate the exchange of best practices.

As these interviews with industry representatives show, CR is dealt with in the four sectors. However, the intensity of engagement and the experience differ so far. The same holds true for sectoral views on CR issues, success factors and preferred roles of government (see Table 2.5). The CR issues mentioned by the associations are usually linked to the core business of the respective companies. It is noteworthy that some issues were not mentioned at all.
This particularly applies to human rights, which have gained prominence in the general CR debate more recently.

According to the sector representatives, the success factors for sector-specific CR are equal to those for CR in general. Awareness-raising and multi-stakeholder approaches, in particular, seem to be important in most sectors. It is not the the individual factors but, instead, the combination of different factors that determines their sector-specific nature. For example, the construction sector seems to benefit from reputational gains and market incentives in the form of public procurement. This can be explained by the sector’s battered image and its large proportion of public customers. By contrast, the WRT sector relies on the multi-stakeholder approach together with transparent communication, as is warranted by its diverse and demanding customers.

<table>
<thead>
<tr>
<th>Organisation</th>
<th>CR issues</th>
<th>Success factors</th>
<th>Role of government</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Chemical Industry Council</td>
<td>plant safety; product safety; climate protection; innovation; water; security</td>
<td>awareness among top management; reputational gains; cooperation beyond regulation; making CR an industry standard</td>
<td>supporting competitiveness; improving conditions of research</td>
</tr>
<tr>
<td>European Construction Industry Federation</td>
<td>fair operating practices; environment; social concerns and industrial relations; health and safety</td>
<td>awareness among companies and their management; reputational gains; market incentives</td>
<td>awareness-raising; partnering; support for existing initiatives; financing good examples by SMEs</td>
</tr>
<tr>
<td>EuroCommerce</td>
<td>supply chain; labour practices; environment; climate change; sustainable production and consumption</td>
<td>multi-stakeholder approach; transparent communication</td>
<td>awareness-raising; partnering</td>
</tr>
<tr>
<td>European Banking Federation</td>
<td>business behaviour; accountability; labour relations; community involvement; environmental awareness; financial inclusion</td>
<td>reputational gains; making CR part of strategy; support by senior management; regular reporting; multi-stakeholder approach</td>
<td>partnering; (international) soft law</td>
</tr>
<tr>
<td>European Savings Banks Group</td>
<td>financial education; community involvement; client protection; accessibility to banking; economic development; financing green growth</td>
<td>multi-stakeholder approach; awareness-raising</td>
<td>awareness-raising; exchanging best practices</td>
</tr>
</tbody>
</table>

All sector representatives appreciate the involvement of governments. Sector views differ less when it comes to the preferred role of this public engagement than they do regarding issues and success factors. Awareness-raising and
Experts’ Views on Sector-specific Corporate Responsibility

partnering are the preferred types of government initiative. In turn, almost all sector representatives reject mandating initiatives because they do not conform with their understanding of voluntary CR.

2.3 National trade associations

Over the course of our research, it became clear that trade associations play an important role in promoting CR in their respective industry and are vital players in public-private cooperation. This was hinted at by several case studies and the interviews with CR experts in international organisations. To get a clearer picture, a poll with national trade associations in Europe regarding their views on CR was conducted. The results from this snap poll complement the overall picture of sector-specific CR that had been strongly determined by the views of CR experts (rather than industry experts).

The snap poll was conducted between 3 May and 12 June 2012. For each of the 27 EU and the 4 EFTA member states, the trade associations representing the five industries of this study were identified. Then, at least five associations in each country were invited via email to participate in the poll. Overall, 183 associations were invited. By following a provided link, respondents filled out a short online questionnaire consisting of five items. After indicating their country, they were asked about the importance of CR in their industry, about the most relevant challenges and CR issues their industry confronted, and about their preferences regarding

<table>
<thead>
<tr>
<th>Table 2.6: Participants by industry and country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Whenever there was more than one trade association representing a particular industry, we invited all of them.
certain types of government support. All questions were partly standardised and consisted of predefined answers and a blank field for custom answers.

A total of 34 national trade associations participated in the snap poll, which represents a response rate of 18.6 per cent. While these answers are rather evenly spread across industries (except for ICT), the distribution across countries is skewed. France and Italy, two of the largest economies in the EU, are missing. In some industries, leading countries are not represented at all (e.g., with the financial services sectors in Switzerland and the UK). As a consequence, the following responses are not representative of national trade associations across the EU and EFTA but, rather, offer impressionistic evidence.

The industry experts were asked how important CR was in their sector (see Figure 2.4). In general, CR was largely seen as “very important” or “important” across all industries. Four out of seven representatives from the construction and WRT sectors deemed CR “very important”. Only two respondents in the sample stated that CR was “not so important” (financial services and ICT).

The picture gets more diverse once global challenges are concerned (see Figure 2.5). Respondents could choose one or more of six given challenges appearing in a randomised order and name other challenges their industry faces. Most respondents viewed the financial and economic environment as a
Experts’ Views on Sector-specific Corporate Responsibility

global challenge. This disproportionate share may well reflect the current economic turbulence.

Seen from a sectoral perspective, the relevance of global challenges differs significantly. In the chemicals sector, demographic change, climate change, scarcity of natural resources and poverty and inequality are the top challenges (each chosen by 4 out of 7 experts). By contrast, in addition to the economic environment, the construction representatives selected mainly the financial and economic environment (6 out of 7 respondents) and scarcity of resources (3 out of 7). The strong focus on the former could be explained by the sector’s dependence on the economic cycle. In the WRT sector, the respondents considered climate change, poverty and inequality, financial and economic environment, scarcity of natural resources and competition from emerging markets equally important (each chosen by 3 out of 7 respondents). This even distribution could indicate the diverse nature of the sector, whose members deal with different products and consumers.

Representatives of the ICT sector also saw the economic and financial environment as a primary challenge (3 out of 4 respondents), followed by scarcity of natural resources and competition from emerging economies (each 2 out of 4). In financial services, demographic change and the economic situation were considered the most relevant challenges (with 5 and 6 out of 9 respondents, respectively), echoing the financial and public debt crisis.

Figure 2.5: Most relevant global challenges by industry (multiple selections possible)
Like global challenges, the relevance of CR issues depends on the industrial context (see Figure 2.6). The CR issues were modelled on the seven core subjects of ISO 26000 (see Section 2.1), and respondents were asked to choose the most relevant one(s) for their industry. In the chemicals sector, all respondents considered environment the top CR issue, followed by labour practices and corporate governance (each chosen by 4 out of 7). The unanimous agreement on the relevance of environment is typical of this industry and matched by no other sector in our study.

In construction, there was no clear hierarchy of CR issues. Instead, the sector representatives deemed corporate governance, labour practices, environment and fair operating practices equally relevant (each chosen by 3 out of 7 respondents). The representatives of the WRT sector, by contrast, opted for labour practices (5 out of 7) and consumer issues (4 out of 7) as the most relevant CR topics, clearly mirroring the labour-intensive, consumer-oriented nature of the retail trade.

There was also a clear hierarchy of CR topics in the ICT sector, where representatives chose environment and community involvement (both chosen by 3 out of 4 respondents) and consumer issues (2 out of 4). Whereas environment can be explained in connection with aspects such as e-waste and energy-efficient computing, the perceived relevance of community involvement looks odd at first glance. One explanation might be the ICT sector’s involvement in the modernisation of local administration and the access to information of local communities through ICT infrastructure and services.

Financial services representatives deemed corporate governance (7 out of 9), consumer issues (7 out of 9) and environment (5 out of 9) the most important CR issues. This can be attributed to the debate about the industry’s behaviour before the financial crisis, including problems in their relationship with customers.41

All CR issues were distributed unevenly based on industry context. However, one of them received little attention overall. Human rights were only chosen by five out of 34 respondents, marking the lowest overall relevance, followed by community involvement (8 out of 34). As noted earlier, human rights still seem to be a new CR issue that has not yet fully arrived on industries’ CR agenda (see Section 2.2).

The last question of the snap poll was about the support that governments could offer businesses in order to mainstream CR in their industry (see Figure 2.7). Across all five industries, having governments provide financial support and serve as intermediaries or moderators were the least preferred forms of governmental backing.

In the chemicals sector, respondents were in favour of better regulation (4 out of 7) and awareness-raising (3 out of 7). The reasons for this may be the

41 Compare the respective case studies in Poland (see Ch. 8.2) and the UK (see Ch. 11.2).
high degree of regulation regarding the storage and use of chemicals (especially by the EU’s REACH regulation) and the industry’s rather low reputation, which calls for raising more awareness of its existing CR credentials. In construction, partnering was the preferred form of governmental support (3 out of 7 respondents). Considering the various interests affected by new buildings and infrastructure projects, in particular, it seems reasonable to partner with different stakeholders. Partnering is also the preferred form of governmental support for the ICT representatives (3 out of 4), which conforms with the sector’s preference for community involvement (see above).

The representatives of the WRT sector opted for awareness-raising (4 out of 7), which reaffirms the retail trade sector’s focus on consumers and on initiatives such as labels and consumer education. In financial services, most respondents deemed better regulation a form of adequate governmental support (5 out of 9), followed by partnering and awareness-raising (each 4 out of 9). The industry is one of the most regulated and came under close scrutiny in the wake of the financial crisis. Both of these factors can explain the interest in better regulation, while increased awareness about the sector’s responsibility and partnering with government and civil society could be seen as suitable means for restoring the trust that has been lost in recent years.
To conclude, the results of the snap poll reinforce observations made in the expert survey and the interviews. CR is relevant in all five industries, but challenges and issues differ considerably. This has an implication for collective action in specific industries. As the last question indicated, trade associations favour different forms of support that seem more likely to cater to their industry needs. For governments, these findings imply that it might make sense to adjust their CR policies to be sector-specific in order to increase their acceptance and efficacy.
3. Sector-specific Corporate Responsibility in Europe

Samuil Simeonov and Eva Krauss

Summary

Sector-specific Corporate Responsibility (CR) in European public policy has gained more prominence only recently. However, there are already a number of sector-specific CR initiatives at the European level. The European Commission (EC) and European trade associations are the main CR drivers: Whereas the former pursues its goals through a broad policy mix, the latter raise awareness among their members, issue guidelines and toolkits or collaborate with the EC and with private actors on CR topics. While many of the sector-specific initiatives are launched, hosted or financed by the EC, some are purely business-driven. Although this chapter focuses on the former, it also takes into account private initiatives as a complement to public policy. Correspondingly, CR public policy may be decisive for the creation of private governance (and vice versa) as well as for the role that public actors play in the respective industry sector. This chapter deals with the features and trends of sector-specific CR at the European level. It examines the development of CR in five industrial sectors at the European level while focusing on public-private collaboration through sector-specific initiatives and the role of public actors within these initiatives.

42 In this chapter we use “sector-specific CR initiatives” and “sector-specific initiatives” interchangeably.
3.1 Sector-specific CR policy at the European level

From the outset of the public CR debate in Europe, the EC has constantly underlined the potential impact of the sector-specific approach. The first two communications emphasised the advantages of promoting CR and the exchange of good practices at the sector level (EC 2002, 2006a). In addition, the European Competitiveness Report of 2008 examined the relation between CR at the sectoral level and competitiveness (EC 2009a). Finally, in 2008, the EC launched four sector-specific projects on CR. However, there has yet to be an explicit and encompassing sector-specific approach to CR.

The sectoral social dialogues under the auspices of the DG Employment, Social Affairs and Inclusion (DG EMPL) are early examples of sector-specific CR initiatives at the European level. These platforms were launched in 1998 with the aim of safeguarding the autonomy of the social partners. Although not always explicitly referring to CR, they serve as platforms for dealing with social concerns, most of which are currently an integral part of CR.

However, it was first in the EC’s third communication that the sector-specific approach to CR was pinpointed as one of the pillars of the renewed strategy. First, the EC underlined the importance of adjusting CR to the specific characteristics of individual companies, such as the industry sector (Martinuzzi et al. 2011a). Second, two fields of action were given a sector-specific focus: multi-stakeholder platforms for the exchange of good practices, and self- and co-regulation of CR through sector-wide action (EC 2011a).

Apart from the EC, the European trade associations are central drivers of CR. Serving as intermediaries between the national and European levels, they have been actively participating in CR policymaking. They raise awareness among their members, issue guidelines and toolkits, and/or collaborate with the EC and other private actors on CR topics. While many of the sector-specific initiatives are launched, hosted or financed with EC support, some are purely business-driven. In some sectors, such as the chemicals industry, trade associations have become the main drivers of CR policy, which renders public policy unnecessary to a certain degree.

The rest of this chapter deals with the features and trends of sector-specific CR in five industry sectors at the European level. In a first step, we provide a general overview of the state of sector-specific CR in the five sectors in focus.

---

44 At present, there are 37 dialogue platforms referring to specific sectors or categories. While most of them are chaired by one of the members of the social partners, the EC can also moderate the process. According to the provisions, each dialogue committee can have up to 64 participants, with half representing employers’ organizations and half representing employees. All sectors treated in this book are covered by the sectoral dialogues.
For this purpose, Table 3.1 gives an overview of the economic significance and characteristics of all sectors in question as well as of the sustainability challenges and main CR issues they face. The information represents a summary of the results of the online survey of national CR experts, the snap poll with national industry experts and the telephone interviews with international experts (see Ch. 2). This data was complemented by extensive review of the existing academic literature and desktop research.

In a subsequent step, we present the main actors in each sector, while highlighting the role of the EC and the European trade associations, before moving on to a review of sector-specific initiatives. While we are primarily interested in different modes of public-private collaboration, we also take private initiatives and instruments (e.g., Responsible Care) into account because they can be regarded as a complement to public policy. Hence, they might explain the absence of public policy and/or the role that governments play in the certain sectors.

46 All figures are in percent and originate from the following sources: Chemicals (CEFIC 2011): figures from 2007. The figures here also include those of the pharmaceutical industry, which is not a subject of this study. According to Eurostat (2009), the fuel-processing and chemicals sector’s share of GVA in 2005 was 4 per cent; Construction (Eurostat 2009): figures from 2007; WRT (Eurostat 2009): figures from 2006; ICT (OECD 2010, 2011): figures from 2008; Financial Services (Eurostat 2009): figures from 2006.
### Table 3.1: Sector-specific CR in five industry sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Characteristics</th>
<th>Challenges</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>Resource-intensive; decisive for technological developments; use of hazardous substances; affect on environment and human well-being; mostly business-to-business</td>
<td>Demographic change; climate change; scarcity of natural resources</td>
<td>Environmental protection; health and safety; labour practices; corporate governance; plant and product safety; climate protection; innovation</td>
</tr>
<tr>
<td>Construction</td>
<td>Delivers infrastructure for other sectors; bulky, expensive, long-lasting and often customer-tailored products; fierce price competition and time pressure; project-based character; locally organised; relevant for public procurement; long, complex and SME-dominated supply chain</td>
<td>Scarcity of resources; financial and economic environment; associated with corruption</td>
<td>Health and safety; eco- and energy efficiency; labour practices; operational and business practices (e.g., anti-corruption)</td>
</tr>
<tr>
<td>WRT</td>
<td>Wholesale trade large, low in number and capital-intensive deliveries; transportation and warehousing are essential; specialisation in one product group; relevant to public procurement Retail trade customer loyalty and satisfaction are essential; broad spectrum of goods; SME-dominated; gate-keeper between producers and consumers</td>
<td>Climate change; poverty and inequality; financial and economic environment; scarcity of natural resources; competition from emerging markets</td>
<td>Energy and water use; packaging and waste management; transport and use of sustainable materials; working conditions (e.g., wages, gender discrimination); health and safety; global supply chain; employee and customer relations; carbon footprint of products</td>
</tr>
<tr>
<td>ICT</td>
<td>Dynamic, innovative and diverse; second-most-globalised sector; key factor for growth (e.g., productivity, innovation and efficiency); convergence of products and markets; relocation of production facilities to low-income countries; division between production and services and between R&amp;D and manufacturing/assembly</td>
<td>Financial and economic environment; resource scarcity; competition from emerging economies; illiteracy</td>
<td>Production subsectors labour conditions; health and safety; environment Telecommunications fair operating practices; e-waste; job quality (e.g., working conditions, gender, wages, working hours and health and safety); consumer relations; community involvement</td>
</tr>
<tr>
<td>Financial services</td>
<td>Intermediary function in the economy; diversity of financial institutions; differentiation between direct and indirect impact of financial institutions</td>
<td>Trust problems; financial and economic environment</td>
<td>Responsibility to customers; employee relations; community involvement; environmental issues; financial inclusion; fair operating practices (e.g., anti-corruption); consumer issues</td>
</tr>
</tbody>
</table>
3.2 Sector-specific CR in five industry sectors

3.2.1 Chemicals sector

The main CR drivers in the European chemicals sector are the European Chemical Industry Council (CEFIC) and the EC. Besides the REACH\textsuperscript{47} regulation, a milestone in the industry, the EC has also established a so-called High Level Group on the Competitiveness of the European Chemicals Industry (see below). Furthermore, it works with its social partners within the context of the sectoral dialogues and offers financial support to several privately driven initiatives on SMEs and research.

For its part, CEFIC manages the European chapter of Responsible Care (RC) and collaborates on sustainability issues with social partners and other associations. Since 2009, it has given out RC awards in three categories and been involved in an array of initiatives, such as the Long-range Research Initiative (LRI) and the SusChem platform.\textsuperscript{48}

The REACH regulation has become central to the EU chemicals sector. The directive established the European Chemicals Agency, in Helsinki, and amended an array of regulations and directives. It defines risk management and safety information as the responsibility of businesses in efforts to protect the environment and human health. Producers, suppliers and importers of chemical substances must collect and transfer all necessary data to the agency (EC 2006b). Despite being mandatory, REACH has been accepted fairly well by European companies, many of which use it as their central framework of reference. Furthermore, the document helped overcome an unwieldy amount of confusing and inconsistent regulations.

Due to the potential of the chemicals industry to solve certain societal problems, the EC launched a High Level Group on the Competitiveness of the European Chemicals Industry composed of a wide array of individuals, including representatives of DGs, member states, business and trade unions. The overall aim was to draft a long-term competitiveness strategy for the chemicals sector. Without explicitly mentioning CR, the initiative dealt with issues related to sustainability and competition. Between 2007 and 2009, ad hoc groups worked on three areas: (1) research, innovation and human resources; (2) energy, feedstock and logistics; and (3) trade and competitiveness with other regions. In 2009, the group issued a final report, with 39 sector-specific policy recommendations, to a wide range of stakeholders (EC 2009b).

---

\textsuperscript{47} Registration, Evaluation, Authorisation and Restriction of Chemical Substances Regulation (EC 2006b).

\textsuperscript{48} www.cefic.org/Regulatory-Framework/Voluntary-Initiatives1/.

69
The Case of Responsible Care (RC)

RC has become a model of an international sector-wide CR initiative. It was launched in 1985 by the Chemical Industry Association of Canada (formerly the Canadian Chemical Producers’ Association) and later adopted by the International Council of Chemical Associations (ICCA). In 2006, the RC Global Charter was published. At present, 26 national programmes in Europe and 55 associations worldwide are RC affiliates.

The goal of RC is to continuously improve health, safety and environmental performance as well as to practice “open and transparent communication with stakeholders” (www.icca-chem.org/en/home/responsible-care/). Although it predates the political debates on sustainability, RC does not pretend to cover all of its aspects. For example, the initiative is not active in the fields of economic and social sustainability, although it does cover some social aspects (e.g., occupational safety and health) and social dialogues (see Ch. 2.3).

Each RC federation member at the national level runs a specific programme with member companies. In order to be licensed to use the RC logo, organisations must fulfil certain requirements. Each programme is shaped by the national circumstances and composition of the chemicals sector in the respective country or region. In these contexts, RC tries to harmonise and improve the governance as well as foster consensus among all members.

Since health and safety have traditionally been of critical importance for the chemicals industry, it comes as no surprise that these number among the sustainability priorities of CEFIC and RC. In addition, through the Global Product Strategy of the RC-aligned International Council of Chemical Associations, European chemical companies are committed to promoting health and safety for their employees.

Several initiatives deserve mentioning in this respect. On the European level, RC requires information on certain indicators as well as feedback on the development of national programmes, especially in the sphere of product stewardship. RC wants to assure that all products along the value chain are used in a safe manner without any health or environmental risks. However, each federation is free to include additional indicators relevant to the national programme.

Furthermore, the EC has been promoting CR in the chemicals sector through the sectoral dialogues under the auspices of DG EMPL. Within these platforms, CEFIC and its social partners, the European Chemical Employers Group and the European Mine, Chemical and Energy Workers’ Federation, have collaborated on health and safety in the workplace. In 2011, the three institutions issued a joint declaration entitled “Framework Conditions for a Sustainable Chemical Industry in Europe”49 and signed a “European Frame-

work Agreement on Competence Profiles for Process Operator and First Line Supervisors in the Chemical Industry". Lastly, together with its social partners, CEFIC is trying to raise awareness among downstream users and customers on chemical safety as well as to address the aging of and shortages in the skilled labour force (CEFIC 2012).

The EC and CEFIC work together within the RC framework to reach out to SMEs, which account for 96 per cent of European chemicals companies. As part of this, CEFIC launched the Care+ programme, which assists SMEs in improving energy efficiency and reducing energy costs. It is supported by the EC within the Intelligent Energy Europe initiative and implemented together with three national RC chapters. Care+ comprises two tools: the Energy Efficiency Self Audit Guide and a best practices manual. Whereas the former enables the analysis of energy performance, the latter targets energy management and consumption measuring (CEFIC 2012).

Another RC project focusing on SMEs is the PRISME initiative. The 18-month, EU-funded project focuses on gathering best practice examples and practical tools that can help SMEs implement the RC programme. The project started in November 2008 and was led by CEFIC in cooperation with the European Mine, Chemical and Energy Workers’ Federation and six national partners. In 2010, CEFIC published a toolkit for SMEs that represents a compilation of various practical tools, including ones on chemical management, energy efficiency and health and safety (CEFIC 2010).

At the same time, CEFIC is also involved in several other CR initiatives beyond the scope of RC’s activities. Since the chemicals industry is highly dependent on innovation, CEFIC launched two research projects: the Long-range Research Initiative (LRI) and the Sustainable Chemistry Platform (SusChem). The latter is an industry-led platform launched in 2004 by six European organisations with the support of the EC in order to promote research and an innovation-friendly environment in Europe.

CEFIC collaborates with other associations on questions of safety within private-led initiatives without public support. First, the industry-led, Europe-wide Intervention in Chemical Transport Emergencies (ICE) programme is an attempt to improve the safe transport of goods in concert with active regulation and voluntary commitments. In addition, CEFIC and the European Chemical Transport Association published a policy on sustainable transport and logistics (CEFIC and ECTA 2011). Second, together with the Association for Soaps, Detergents and Maintenance Products (AISE), CEFIC launched the Human and Environmental Risk Assessment (HERA) project in 1999, which

51 www.cefic-lri.org/about-lri.
52 www.suschem.org.
53 www.cefic.org/Industry-support/Transport--logistics/Transport-Emergency-Scheme-/.
Sector-specific Corporate Responsibility in Europe

aims to increase transparency on environmental risks and provide a framework for ingredient safety.\(^{54}\)

CR in the European chemicals sector is a special case. First, the historical development of CR and presence of a sector-wide voluntary initiative are exceptional. Second, despite its diversity, there are a few issues – namely, environment and health and safety – that are relevant for the entire sector. In addition to implementing the REACH regulation, which has become key to CR in the sector and can be seen as an example of better regulation, the EC has been very active in partnering with various stakeholders and supporting awareness-raising initiatives through funding. However, the main driver of CR in the sector is CEFIC. It hosts RC and other global programmes at the European level, collaborates with other trade associations and participates in social dialogues. As part of this, CEFIC is very active in partnering and awareness-raising initiatives. The latter is in line with the opinions of sector experts, who believe that the role of public actors should consist in improving regulation policies and participating in awareness-raising initiatives (see Ch. 2.3).

### 3.2.2 Construction sector

The EC and European Construction Industry Federation (FIEC) are the main drivers of CR in the construction sector. Through a mix of regulatory, partnering and awareness-raising activities, the EC attempts to foster competitiveness and create a level playing field for construction companies. With regard to the EC’s activities, the identification of “sustainable construction” as one of the six markets of the Lead Market Initiative (LMI) with a significant impact on sustainability\(^{55}\) shows the importance of the sector for economies and societies. Other areas of EC action include energy efficiency, research, competitiveness and monitoring national regulations.

At the same time, FIEC is a main driver in sustainability issues and an active participant in the sectoral social dialogues. It is working on a broad range of CR issues, such as health and safety, sustainable cities and mobility, and the environment. As part of its efforts to promote sustainability, FIEC partners with public and private actors on various issues. Other actors, such as CSR Europe and multi-stakeholder networks, are also active in sector-specific initiatives.

The first time the EC (indirectly) addressed CR construction issues was when it published its communication on the competitiveness of the construction industry. In an attempt to raise awareness, the EC created a tripartite working group composed of representatives drawn from the EC, EU member

---

states and business. The group dealt with the issues of eco-friendly construction materials, energy efficiency and waste management. It issued a final report on sustainable construction practices in 2001 (FIEC 2001). In 2010, the DG ENTR launched a study on the competitiveness of the construction sector in the context of Smart Agenda 2020, which aimed to set a new competitiveness agenda for the sector (ECORYS 2010).

As part of the Sustainable Construction Initiative, the EC commissioned a taskforce to elaborate a concept that promotes innovation and a sustainable construction market. The EC envisioned reducing administrative burdens for companies, promoting standardisation and introducing a reference model for sustainable construction, especially in order to advance sustainable public procurement. The task force issued a report with recommendations and a roadmap for sustainable construction. The roadmap was published in an Action Plan that included four impact areas: regulation, standardisation, public procurement and complementary activities, such as improving the skills of construction workers (EC 2007a).

For the purpose of the Action Plan, the EC launched a steering group on sustainable construction responsible for monitoring national sector regulations and preparing best practice studies aimed at reducing administrative burdens for companies in the separate member states. The group was composed of representatives drawn from EU member states, trade and professional organisations, and research organisations (EC 2009c). It worked in three areas: regulatory framework and standardisation (Eurocodes), life-cycle costing and public procurement, and strategies for sustainable construction.

The EC is also active in the area of energy-efficient building. In 2010, it updated its 2002 directive on the energy performance of buildings. Accordingly, EU member states are obliged to implement minimum energy-performance standards on new and existing buildings and to promote energy certification and monitoring. The new directive increased energy-performance requirements. The EC launched the online platform “Build Up” in order to support its implementation by raising awareness of good solutions and tools available for energy-efficient construction. The platform addresses a broad range of stakeholders, including public administrations, associations and homeowners.

Similarly to the chemicals sector, the EC promotes CR within the sector social dialogues. In this regard, FIEC has worked on skills and qualifications, work-related stress and health and safety in SMEs. Apart from that, already in 2000, the association launched its environmental charter, which was signed by various companies and political representatives (FIEC 2001). In 2005, FIEC

57 www.buildup.eu.
published its ten “Principles for Sustainability”,\textsuperscript{59} which encompass all three pillars of sustainability and refer to numerous groups and issues, including stakeholders, quality management and sustainable economy (FIEC 2005).

The EC also supported the creation of the Guidelines for Responsible Construction, which were published within the context of the Building Responsible Competitiveness in the Construction Sector project.\textsuperscript{60} The initiative, which was managed by CSR Europe and co-financed by the EC, gathered a sample of 44 best practices that was then used as the basis for formulating the guidelines. These offer companies information related to four areas: health and safety, eco-compatibility, supply-chain management and equal opportunity (BRC Project 2010).

In the construction sector, there are some initiatives that have only been launched and managed by private actors. One prominent example is the working group on “ethics” convened by FIEC and the European International Contractors professional association, which issued a policy statement on corruption prevention (FIEC and EIC 2009). Another example is the Energy Efficient Building (E2B) European Initiative launched in 2007 by the European Construction Technology Platform. In addition to large and small companies, members are research institutes and universities as well as several public promoters and agencies. The purpose of the initiative is to advance research and demonstration on energy-efficient buildings and districts in order to enhance energy-efficient design, construction and renovation standards in Europe.\textsuperscript{61}

In 2010, the E2B initiative and the EC jointly launched a long-term “Roadmap on Energy Efficiency” (EC 2010b).

As suggested by the EC policy, the construction sector is very important in the EU because of its economic significance and its post-crisis development. Although the construction sector has diverse CR issues, energy efficiency, anti-corruption and labour conditions are the prevalent topics. The EC follows a strategic approach; its policies are more geared towards the regulatory framework and the competitiveness of the sector (e.g., the “Roadmap”) as well as towards energy efficiency, public procurement and a special focus on SMEs. In doing so, the EC promotes better regulation, partners with industry, provides financial support and raises awareness on CR issues. FIEC, on the other hand, has been more active in partnerships within the sectoral social dialogues and in anti-corruption efforts. The latter should not be surprising given the fact that the association identifies awareness-raising and partnering as the best way in which governments can advance CR in the sector. Similarly, industry experts also view partnering as the preferred form of public-sector support (see Ch. 6.2).

\textsuperscript{59} \url{www.fiec.org}.
\textsuperscript{60} \url{www.csreurope.org/pages/en/brc.html}.
\textsuperscript{61} \url{www.e2b-ei.eu}.
3.2.3 Wholesale and retail trade sector
Within the wholesale and retail trade (WRT) sector, the EC’s activities mainly focus on soft regulations that set the framework for international trade and public procurement as well as on partnering with private actors, particularly trade associations and individual companies. On the private-sector side, the main driver of CR is the EuroCommerce business association. In addition, public and private actors collaborate closely, and the EC has launched or proposed several projects. Most of these activities aim to raise awareness about a range of sector-related CR issues.

Although most of the sector-specific initiatives in the WRT sector are of the soft-law type, one regulatory initiative that deserves particular mention is the Timber Regulation of 2010, which prohibits putting illegally harvested timber and timber products on the EU market. Accordingly, traders are required to exercise “due diligence”, that is, to gather information about the origin of the timber and assess the risk that there might be illegal timber in their supply chain. This regulation, and particularly the “due diligence” mechanism, was promoted by the Timber Retail Coalition, a group of four European retailers (Kingfisher, Marks & Spencer, IKEA and the Carrefour Group).

The WRT sector, and especially wholesale, is very relevant to public procurement. In addition to the two general EU procurement directives, the EC has published two practical guides, “Buying Green” (2004) and “Buying Social” (EC 2010c), which respectively deal with the environmental and social aspects of public procurement. In 2011, an updated version of “Buying Green” was published. One of the novelties of the revision is the inclusion of sector-specific guidance for buildings, food and catering services, electricity and timber (EC 2011b).

Fair trade is a concept that plays an increasing important role in public procurement. Europe is the biggest market for such products (65 per cent of the world market). Over the last decade, fair trade market turnover has risen ninefold (European Economic and Social Committee 2009). Already in 1999, the EC issued a communication on fair trade that represents an initial attempt at addressing CR in the WRT sector. It provides a definition of fair trade and presents ways to integrate fair trade into community legislation (EC 1999). In 2009, the EC issued a related communication, this time dealing with the role

---

64 www.errt.org/timber-retail-coalition.
65 These are: Directive 2004/17/EC, which coordinates the procurement procedures of entities operating in the water, energy, transport and postal services sectors, and Directive 2004/18/EC, which coordinates procedures for the awarding of public works, supply and service contracts. These directives are valid for all public procurement procedures above certain thresholds. Below these thresholds, public procurement remains subject to national legislation.
of fair trade for sustainable development. In it, the EC underscores the principle of non-discrimination and prohibits the inclusion of certain fair trade labels in favour of technical specifications. Furthermore, it allows the inclusion of social and environmental criteria in public tendering procedures (EC 2009e).

Another example of soft law is the promotion of CR within international trade negotiations. In this regard, the EU addresses issues such as health, environment, labour and development as part of its wider agenda. Under the Generalized System of Preferences, the EU creates incentives (e.g., additional tariff reductions) for developing countries if they meet certain human rights, labour and environmental standards. Since 1999, the DG Trade has been carrying out “sustainability impact assessments” of the economic, social and environmental implications of trade negotiations. In November 2010, the European Parliament explicitly mentioned CR in the context of international trade agreements. Its Resolution on CSR highlighted the importance of having the concept become an integral part of EU trade agreements.

In contrast, the most prominent example of partnering is the Retailers’ Environmental Action Programme (REAP). It consists of the Retail Forum for Sustainability and a “Matrix of Environmental Action Points” (MAP). European retailers established the forum in 2009 in reaction to the EC’s Sustainable Consumption and Production Action Plan (EC 2008). It aims to develop a better understanding of practical measures to promote sustainable consumption and production through the retail sector, to share best practices and to identify existing barriers. Its members are individual companies, umbrella organisations and EC services. The forum issues progress reports, holds about three annual meetings and raises awareness on the complexity of the supply chain among EU institutions and stakeholders. It is co-chaired by a representative of the DG Environment and a business representative. At the same time, the MAP lists different actions and initiatives of individual retail companies and federations.

As part of REAP, the European Retail Round Table and EuroCommerce drafted the voluntary Retail Environmental Sustainability Code. Signatories commit to reducing the environmental footprint of their operations (sourcing, resource efficiency, transport, waste management), to encouraging sustainable consumption and to reporting regularly on these commitments. However, the code does not aim to set standards or targets but, rather, “to foster an agreement on principles, as well as to illustrate what retailers are doing and what they can still do to reduce the environmental impact of their operations” (EuroCommerce and ERRT 2010: 3).

68 Resolution on Corporate Social Responsibility in International Trade Agreements (2009/201(INI)).
Under the auspices of the EC, the social partners EuroCommerce and UNI Europa Commerce have issued a number of important documents. In 2003, they signed a common statement on CR in which they declared their aim of promoting responsible business and the exchange of good practices within the sector. As part of this, both parties agreed to abide by various joint declarations, such as those on child labour (1996), fundamental social rights (1998) and racism (2000). In 2004, the partners signed a declaration on the integration of persons with disabilities into the sector. More recently, both organisations launched a project on violence in the WRT sector, which is supported by the EC. In 2009, they published a toolkit dealing with the problem of violence in shops from third parties (e.g., customers).

Under the umbrella of the European Alliance for CSR, two laboratories have been established in the WRT sector. First, EuroCommerce started the CSR Laboratory on Local Engagement from a commerce-specific perspective in order to raise awareness and motivate traders to get actively engaged in their communities. Second, the Portal for Responsible Supply Chain Management provides tools and information on (international) standards, training, codes of conduct and audit documents to support practitioners in developing their own CR approach in the supply chain.

As an important CR driver, the EC engages in various activities in the WRT sector. Its primary areas of action are public procurement, environmental protection and energy efficiency. It uses mainly soft-law initiatives to promote CR, partners with private-sector organizations and co-finances various projects. At the same time, EuroCommerce is the CR driver on the private-sector side. The association partners with the EC and other societal and business actors in order to advance CR among its member organisations. Most of private-led initiatives, such as the Retail Forum or the CSR laboratories, aim at raising awareness. This makes sense given the retail trade sector’s focus on consumers and on initiatives such as labels and consumer education.

### 3.2.4 Information and communication technologies sector

In the European information and communication technologies (ICT) sector, CR is a mix between public policies of the EC and a handful of voluntary initiatives involving individual companies and trade associations. Various DGs of the EC have been working with the private sector on CR in all types of related initiatives. The primary areas of action refer to digital inclusion and skills, e-waste, public procurement, energy efficiency and Internet safety. In doing so, the EC uses a broad mix of initiatives, although awareness-raising ones are the most common.

---

72 www csr-supplychain org/about.
On the private-sector side, trade associations are the main CR actors. For instance, already in 1996, the European Telecommunications Network Operators’ Association (ETNO) launched an Environmental Charter (known since 2004 as the Sustainability Charter) on its CR commitments and, in 2004, it established a Sustainability Working Group to raise awareness of CR issues. Moreover, in collaboration with the World Wide Fund for Nature (WWF), ETNO launched a Roadmap for Reduced CO$_2$ Emissions (Pamlin and Szomolányi 2005). Lastly, ETNO has been working together with UNI Global Union, a trade union for service-sector workers, within the sectoral dialogues of DG EMPL.

The other trade association, DigitalEurope, works primarily on environmental issues, such as chemicals, eco-design and waste and resource efficiency. It has also been providing input for several EU regulatory activities, such as RoHS, REACH and Green Public Procurement. In addition, DigitalEurope has launched an e-accessibility policy to promote access for users with visual, hearing, motor or cognitive impairments.  

One of the EC’s first contributions to CR policy in the ICT sector was through regulation. Apart from the international Basel Convention on e-waste, two EU policies are important for ICT-specific CR: the RoHS (Restriction of Hazardous Substances) and the WEEE (Waste Electrical and Electronic Equipment) directives. The former limits the amounts of certain chemical substances in household appliances as well as IT and consumer equipment. In 2011, RoHS 2 (2011/65/EU) extended the scope to all product groups and was aligned with the REACH regulation (see Ch. 3.2).

In concert with the WEEE directive, the WEEE Forum was created in 2002. It is a not-for-profit organisation of collective WEEE take-back systems in Europe. The WEEE Forum provides a platform for cooperation, learning and setting new standards and technical specifications at the European level. In 2008, with the support of the EC, the WEEELABEX (“WEEE LABel of EXcellence”) was launched. Likewise, recycler and producer associations (e.g., DigitalEurope) collaborate on developing high-quality, pan-European standards for the treatment of WEEE as well as harmonised verification guidelines.

---

73 www.digitaleurope.org/eAccessibility.aspx.
74 The 1992 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal prohibits the export of hazardous e-waste from the EU to non-OECD countries.
75 The Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (2002/95/EC) sets restrictions on the use of certain hazardous substances by European manufacturers.
76 The WEEE Directive (2002/96/EC) determined collection and recycling targets of four kilograms per person per year for all sorts of electronic equipment recovered for recycling by 2009. However, in 2008, the EC recast the WEEE directive by proposing higher binding targets.
78 www.weee-forum.org/weeelabexproject.
The partnership has so far created standards in three areas: the collection, logistics and treatment of WEEE.

A central policy document related to CR in the ICT sector is the Digital Agenda for Europe, published in 2010. It aims to foster a single digital market as the source of economic and social development (EC 2010d). The agenda encompasses eight key actions areas, some of which are explicitly CR-related, such as “Enhancing digital literacy, skills and inclusion” as well as “ICT-enabled benefits for EU society”, which relates to issues including energy consumption, health and improved public services. Recognising the major potential of the ICT sector, the Digital Agenda has become a milestone of the Europe 2020 strategy (ibid.).

Another soft-law initiative of the EC is the 2008 energy-efficiency labelling programme for office equipment. It obliged European and national public bodies to use energy-efficiency criteria in public tenders that are at least as demanding as those postulated by the Energy Star programme when it comes to purchasing office equipment. The EU Energy Star programme of the DG Energy, launched in December 2000, is a voluntary, intergovernmental effort aimed at coordinating energy-efficiency labelling programmes for office equipment and raising consumer awareness about eco-friendly office products.

Furthermore, given the potential contribution of the ICT sector to economic and social development, the EC has been promoting the industry’s role in assisting efforts related to energy efficiency, water management and climate-change adaptation. In 2009, it advocated the creation of a policy framework that promotes the energy-saving potential of the ICT sector. Likewise, in 2010, the DG Information Society and Media launched the ICT4EE awards, which recognise European ICT companies for innovation in energy efficiency.

In addition to energy efficiency, another central CR issue for the ICT sector is Internet safety. Two self-regulatory initiatives deserve mention in this regard. In 2011, as part of its Digital Agenda, the EC supported the “Coalition to make the Internet a better place for kids”, launched by 28 companies. Signatories committed to working in five action areas, such as age-appropriate privacy settings and effective takedown of child sexual abuse material. The initiative builds upon the two voluntary initiatives on mobile phones (2007) and on social networking (2009), respectively. Another purely private initiative is the “ICT Coalition Principles for the safer use of connected devices and online

79 The Digital Agenda for Europe is a follow-up of the eEurope and i2010 initiatives, which promoted the role of ICT in economic, societal and personal progress. See http://ec.europa.eu/information_society/eeurope/i2010/index_en.htm.
80 www.eu-energystar.org.
81 A list with key documents on energy efficiency can be found at: http://ec.europa.eu/information_society/events/ict4ee/2010/library/index_en.htm.
services by children and young people in the EU”—also referred to as “the ICT Principles”—which was launched in 2012 with the support of 25 companies.\(^8^5\) Although contradictory at first glance, both initiatives are not competitive and can be regarded as two separate stages of business engagement. Whereas the former suggests minimum standards, the latter represents a platform for policy debates.

Other relevant CR issues in the ICT sector are e-skills and e-inclusion. Since 2008, the EC has bestowed e-inclusion awards on organisations and individuals.\(^8^6\) Moreover, within the context of its “E-Skills for the 21st century” project (EC 2007b), in 2012, the EC launched the E-Skills Week in cooperation with DigitalEurope and EU Schoolnet. It provides information on the need for e-skills and their potential benefit to efforts aimed at surmounting the digital divide. This initiative was part of the EC’s long-term e-skills agenda.\(^8^7\)

In sum, CR takes place under the umbrella of the potential contribution of the sector to competitiveness and sustainable development. This is especially evident in the Digital Agenda, which is one of the “smart” and “inclusive” pillars of the Europe 2020 strategy. Accordingly, the EC is using a mix of initiatives, of which awareness-raising is the most common type. When it comes to European trade associations, although they also collaborate with the EC and other organisations, they are more oriented towards their member companies than public-private collaborations.

3.2.5 Financial services sector

The CR field of the financial sector in Europe is mainly dominated by the private sector and particularly by three trade associations (see below). The latter are the drivers of sector-specific initiatives, most of which aim at raising awareness. Similar to the ICT sector, most of the activities of the trade associations are directed more towards their member companies than towards collaborations with public actors. However, questions related to the balance between regulation and self-regulation have been on the agenda since at least the financial crisis (Herzig and Moon 2011). It should thus come as no surprise that the EC practices “soft regulation” in areas such as financial education, microcredits and socially responsible investment (SRI).

Most of the EC’s CR initiatives related to the financial services sector correspond to the soft-law type. For instance, the DG Internal Market published a communication on financial education in 2007 that aimed to enable consumers to make informed decisions regarding financial services. The document comprises eight principles for the provision of financial education as well as four initiatives (EC 2007c). As one of those four initiatives, in 2008, the

86 www.e-inclusionawards.eu.
EC created an advisory multi-stakeholder Expert Group on Financial Education in order to facilitate the exchange of good ideas and practices.88

Another soft-law initiative of the DG ENTR and the DG Regional Policy is the European Code of Good Conduct for Microcredit Provision, which offers recommendations and standards for microcredits. The code was developed within the context of a multi-stakeholder consultation process. It is divided into five clusters: customer and investor relations, governance, common reporting standards, management information systems and risk management (EC 2011c).

A partnering initiative in this field aimed at promoting the financial inclusion of exactly these social groups is the European Progress Microfinance Facility, which was launched in 2010 by the DG EMPL and is managed by the European Investment Fund. The idea is to facilitate access to microcredits for start-ups with loans of less than €25,000. Instead of financing entrepreneurs directly, selected EU microcredit providers are allowed to issue guarantees in order to increase lending.89

Lastly, with the support of the EC, in 2004, Eurosif launched a European SRI Transparency Code, which aims to raise awareness on SRI funds and increase accountability to consumers (Eurosif 2010). In 2008, the Transparency Code logo for signatories was created (Eurosif 2008). A further achievement of Eurosif is the development of two toolkits for pension funds as well as the PRIME guide for endowments.90

There are three main trade associations in the financial services sector (see below). As their constituents differ, so do their CR policies in terms of stage of development, issue focus and challenges (see Ch 2.2). Notwithstanding, in 2005, the three associations and their counterpart, UNI-Europa Finance, signed a joint statement on CR that focuses on five issues related to employment and social affairs within the framework of the sectoral social dialogues of the DG EMPL.91

The European Banking Federation (EBF) represents commercial banks in Europe. Apart from the above-mentioned joint statement, it has published a report on the CR activities of its members (EBF 2008) as well as another on financial literacy (EBF 2009). In 2010, it published its “Principles for a successful future of banking in Europe”. While one of the principles is called “Sustainable Banking”, it only deals with the economic aspects of sustainability (EBF 2010). As stated in an interview with an EBF representative, CR is considered a company-level issue, and a common sector position has started developing in reaction to the latest communication on CR (see Ch. 2.2).

89 This initiative resembles France Active (see Ch. 5.2) in our sample of illustrative examples of sector-specific initiatives. See: http://ec.europa.eu/social/main.jsp?catId=836&langId=en.
90 Primer for Responsible Investment Management of Endowments (www.eurosif.org/sri-resources/prime-toolkit).
Savings banks generally have a different origin and purpose than commercial banks. Since responsibility is part of their mandate, the European Savings Banks Group (ESBG) has signed the U.N. Global Compact and published a Charter for Responsible Business, both in 2008. Signatories to the charter commit to several CR principles in the area of customer relations, financial inclusion, environment and community involvement (ESBG 2008). In 2009, it published a Resolution on the Environment (ESBGa 2009). Lastly, the ESBG maintains a database on the CR practices of member banks, which facilitates the transfer and exchange of knowledge.

Finally, the European Association of Co-operative Banks (EACB) published its first CR report in 2010. In it, the EACB identifies three areas of responsibility: internal stakeholders, local communities and the environment (EACB 2010). Already in 2005, the EACB published a report on the nexus between CR and the nature of co-operative banks that also identified the CR issues and challenges for the subsector (EACB 2005). In 2006, it published its “Corporate Governance Principles” (EACB 2006).

Similar to the other sectors, there are private sector-specific initiatives in the financial services sector as well. Within the European Alliance for CSR, three laboratories have dealt with financial issues. One project on financial inclusion was meant to advance research, produce policy recommendations for banks and collect good examples of financial inclusion. Second, a lab on environmental impact aimed at throwing light on the direct and indirect environmental impacts of financial institutions. Lastly, the lab on sectoral CR reporting targeted the production of CR reports by savings banks (ESBG 2009b). The last two projects were launched and led by Spanish savings banks and CECA, the national association of savings banks.92

The financial sector has direct and indirect CR impacts on the environment and society. Nowadays, the debate mostly focuses on the indirect impacts, which are significantly higher. The sector is also very diverse. Even if we look only at the banking subsector, substantial differences are evident. As a result, trade associations are more active at the subsector level. However, customer relations, corporate governance (transparency and anti-corruption) and the environment seem to be the common denominators among CR issues. These are also the very areas in which the EC is active, primarily with soft-law and partnering initiatives. Interestingly, leading European banks identify soft law as the preferred type of governance mechanism (Viganò and Nicolai 2006). At the same time, national sector experts also deem better regulation an appropriate form adequate government support, followed by partnering and awareness-raising (see Ch 2.3).

92 Confederación Española de Cajas de Ahorros (CECA).
3.3 Chapter findings

As demonstrated in this chapter, there are several key findings on the state of the art of sector-specific CR in Europe.

Firstly, although the sector-specific approach to CR has not been so prominent in the European public debate, there are already many initiatives that have been dealing with CR issues. This might be due to the fact that such initiatives often deal with implicit CR issues, such as competitiveness, and are often part of or the result of broader policy strategies, such as the Digital Agenda.

Secondly, the EC is a main driver of sector-specific CR initiatives at the European level, using a broad mix of policy instruments. However, the degree of its involvement varies according to sector. In this respect, soft-law initiatives predominate in the WRT and the financial services sectors, while partnering is the most common initiative type in the chemicals sector. This might be a consequence of the difference characteristics, sustainability challenges and CR issues of the various sectors. Besides, as mentioned in the beginning of the chapter, another reason might be the particular constellation of actors and the interplay between public- and private-driven initiatives and instruments.

Thirdly, although regulation—both hard and soft—is still a general means of policymaking, awareness-raising (e.g., through financial support and patronage) and partnering (e.g., within the sectoral social dialogue) are the EC’s most common types of sector-specific CR initiatives. This reflects the EC’s long-standing efforts aimed at introducing better regulation through co- and self-regulation of CR.

Lastly, European trade organisations play a central role as CR drivers. In doing so, they make use of a mix of strategies, ranging from awareness-raising to soft law. In many cases, they are initiators and decisive multiplicators of CR initiatives, and they often partner with other private actors within initiatives that have no public involvement. In some sectors with a longer CR tradition, such as the chemicals sector, trade associations are often the main drivers of CR policy.

References


Martinuzzi, André, Robert Kudlak, Claus Faber and Adele Wiman (2011b). CSR Activities and Impacts of the Construction Sector. RIMAS Working
References


Pamlin, Dennis, and Katalin Szomolányi (2005). Saving the Climate @ the Speed of Light: First roadmap for reduced CO\textsubscript{2} emissions in the EU and beyond. www.etno.be/Portals/34/ETNO\%20Documents/Sustainability/Climate\%20Change\%20Road\%20Map.pdf.


4. Sector-specific Corporate Responsibility in Denmark

Steen Vallentin and Andreas Schmiegelow

Summary

This chapter presents an outline of general and sector-specific corporate responsibility developments in Denmark. It discusses different phases in the development of public policy and argues that the legacy of the Danish government in regard to the promotion of CR is based on two different approaches to responsibility: one with a very strong focus on social-welfare issues and public-private-partnerships, and another emphasizing competitiveness and (economic) value-creation. This is followed by brief exposés of CR developments in the five sectors of the study and, lastly, by a presentation of three illustrative examples of sector-specific initiatives in which the government plays a vital role via funding, facilitation, initiation or other kinds of active participation. Overall, the chapter shows that the promotion of sector-specific CR is still in its infancy in Denmark.

4.1. Corporate Responsibility in Denmark

4.1.1. General CR context

It is characteristic of Danish developments that public policy has played a significant role in how corporate responsibility (CR) has been defined, debated and acted upon by business. In many ways, the Danish government—as opposed to business or civil society—has been the dominant force in developments for the last few decades (Vallentin and Murillo 2010). This is indicative of the strong role of government in Scandinavian welfare states (Morsing et al. 2007). Although all of the Nordic countries have introduced public policies on CR (Gjølberg 2010), the Danish government has been a first mover. For this reason, the country is often considered a European role model when it comes to governmental promotion of CR (Morsing 2005). Accordingly, the Danish
government currently presents itself as being “among the global frontrunners when it comes to promoting corporate social responsibility.”

In terms of CR adoption among businesses, a TNS Gallup (2005) survey showed that about 75 per cent of Danish small and medium-sized enterprises (SMEs) were involved in some kind of CR activity. Another survey from the Danish Chamber of Commerce (2008) indicated that CR activities are very widespread among Danish companies with international supplier relations. Likewise, 84 per cent of the surveyed companies had activities relating to employees, and 80 per cent had activities relating to climate and environmental sustainability. However, while 257 Danish businesses have currently signed on to the U.N. Global Compact (a number surpassed only by six other countries), recent reports from Deloitte (2011) and KPMG (2011) indicate that Danish companies are laggards when it comes to explicit CR communication and sustainability reporting.

Although Danish businesses are—generally and comparatively speaking—known for their high ethical standards, they have also by and large been latecomers to explicit CR, and this is what government wants to remedy. Companies like Novo Nordisk (pharmaceuticals) and Novozymes (bio-innovation) are global frontrunners and industry leaders in sustainability reporting but, as just mentioned, most Danish businesses are still in the process of coming to terms with being explicit about their social responsibility. Two illustrative examples are provided by the following companies: The shipping, energy and retail conglomerate A.P. Moller-Maersk (No. 144 on the Fortune Global 500 list of 2011) published its first sustainability report in 2010, and Carlsberg, the world’s fourth-largest brewing company, first presented a full-fledged CR strategy in 2009.

So far, relatively few resources have been dedicated to sector-specific initiatives. Instead, governmental efforts of recent years have emphasised the need to bring about a widespread mainstreaming of CR. Many initiatives have targeted SMEs, whereas other initiatives have targeted big business in efforts to make “explicit” (and, thus, systematic and professional) CR more widespread (Matten and Moon 2008).

The most significant governmental initiative targeting big business has been the adoption of a law, effective as of 2009, making it mandatory for the largest (approximately 1,400) private and state-owned companies and institutional investors to include CR information in their annual financial reports (see Section 1.1). However, in order to properly understand the general CR context in Denmark, we need to trace developments further back and distinguish between the different approaches to CR that have been promoted by changing governments.

93 www.erhvervsstyrelsen.dk/focus_csr
Danish governments represent two legacies with regard to CR, one with a social-welfare focus and another emphasising competitiveness and (economic) value-creation. Both approaches have to be seen in conjunction with EU policy developments. The first approach is not only an extension of the Scandinavian model of a coordinated and socially embedded market economy (Midttun et al. 2006); it also reflects developments at the EU level in the early 1990s, when Jacques Delors, then-president of the European Commission, appealed for the business community to address Europe’s structural problems of unemployment, restructuring and social exclusion. Hence, the development of Danish government policy on CR has unfolded in tandem with EU policymaking.

Government promotion of CR has developed through three overlapping phases that signify two distinct approaches and an emerging hybrid form. CR first became a public-policy issue in Denmark in the early to mid-1990s. In January 1994, then-Minister of Social Affairs Karen Jespersen, a Social Democrat, launched the campaign *Det angår os alle* (“Our Common Concern”), which became a catalyst for governmental action in Denmark as well as other European countries (Metaxas and Tsavdaridou 2010) and led to the introduction of the notion of “inclusive labour market” to the CR debate.

The aim of the campaign was to actively involve business in addressing domestic employment-related problems via public-private partnerships and other vehicles (Andersen and Mailand 2002; Nelson and Zadek 2000). Companies were to be engaged, on a voluntary basis, in modes of collaboration working on top of legislation and collective agreements. With a strong focus on the inclusion of weak and marginalised groups (including immigrants, the disabled and the long-term unemployed), the campaign was about preventing unemployment, retaining employees through reassignment after illness or accidents, and integrating people into the workforce by encouraging the hiring and training of the unemployed (Morsing 2005). In this way, CR became a means of enlisting resourceful businesses in efforts to supplement the work of the welfare state (Gjølberg 2010).

The narrow, domestic scope of this approach was counterbalanced by the establishment of the now-defunct Copenhagen Centre, which served for many years as an anchor for the social-policy agenda and as an important extension of the Ministry of Social Affairs and, later, the Ministry of Employment. The Danish government established the Centre in 1998. It was an independent, international knowledge centre that operated as an intermediary between governments, businesses, NGOs and other parts of civil society to promote and inspire discussions about new social partnerships (Andersen and Mailand 2002; Gribben et al. 2001; Kjaer 2003; Nelson and Zadek 2000).

However, in 2007, the Copenhagen Centre was discontinued, and its remaining employees were transferred to the newly established Danish Government Center for CSR under the auspices of the Danish Commerce and Com-
Sector-specific Corporate Responsibility in Denmark

Companies Agency (DCCA). This agency belongs to the Ministry of Economic and Business Affairs, which is indicative of the changes in policy priorities regarding CR that have taken place in Denmark over the last decade.

The work of the DCCA has dominated the second phase, in which value creation and competitiveness have been stressed. The DCCA first took up CR as a policy objective around 2002. The many efforts that the agency has engaged in to promote CR constitute a new direction for public policy. Even though the social-welfare programs continue to publish an annual report on related developments and accomplishments (Thomsen et al. 2011), economic policies have increasingly come to dominate the governmental understanding of CR. As was the case in the first phase, this mirrors developments at the EU level, where the last decade has similarly seen a shift from social-policy priorities to economic-policy ones (de Schutter 2008; Steurer 2010; Ungericht and Hird 2010; Vallentin and Murillo 2012).

The DCCA’s aim has been to help Danish businesses reap benefits from engaging in CR, with the ultimate aim being to make the Danish economy more competitive through sustainability (in accordance with the notion of “responsible competitiveness”). Whereas the projects carried out under the inclusiveness heading have tended to define CR in narrow, social terms and to focus on local, employment-related issues, the competitiveness agenda emphasises the corporate point of view and presents CR as a much wider and global-minded palette of activities (DCCA 2005). These priorities have made it possible to secure strong support from trade and industry organisations, most notably the Confederation of Danish Industry and the Danish Chamber of Commerce.

Initially, the DCCA targeted SMEs in efforts to bring about a widespread mainstreaming of CR. The most significant initiative under the SME umbrella has been the People & Profit project, which was a large-scale effort to raise awareness of (strategic) CR among Danish SMEs. The project was funded by the European Social Fund and Denmark’s National Labour Market Authority, and it ran from 2004 to 2007 with a budget of approximately €2.5 million. Its output ranged from research reports and other publications to tools, training materials and the large-scale provision of training to more than 12,000 SME executives and employees. In recent years, however, government initiatives have increasingly targeted big business in efforts to make explicit and preferably strategic CR more widespread as well as to further progress professional development in this field.

The strategic purpose finds its most elaborate articulation in the government’s “Action Plan for Corporate Social Responsibility” of May 2008 (Danish

94 The DCCA was renamed the Danish Business Authority as of January 2012.
95 The Ministry of Economic and Business Affairs was renamed the Ministry of Business and Growth as of January 2012.
96 www.csrgov.dk.
The Action Plan details 30 activities in four “key action areas”: (1) propagating business-driven social responsibility through government activities (e.g., public procurement); (2) promoting businesses’ social responsibility through government activities (related to the COP15 meeting held in Copenhagen in 2009); and (4) marketing Denmark for responsible growth (Danish Government 2008: 7–9). The most significant and wide-ranging activities arguably belong to the first key action area. Most importantly, the Action Plan proposes making it mandatory for large businesses to report on CR. The amendment to Denmark’s Financial Statements Act was made effective as of (the fiscal year) 2009. The new paragraph, 99a, makes it mandatory for the largest (approximately 1,400) private and state-owned companies and institutional investors to include CR information in their annual financial reports. More specifically, companies are required to disclose: (1) their policies on CR; (2) an account of how these policies are translated into action; and (3) a comment on the results that have been achieved through the work on CR. However, companies are still free to choose whether they want to engage in CR. Even if they are not engaged in CR-related activities, they have to explain why (DCCA 2011).

The Danish case provides a vivid illustration of how disclosure requirements can be considered a reinforcement rather than a weakening of a strategic mindset in CR as the aim is to create business opportunities rather than address social problems or responsibility deficits (Vallentin and Murillo 2012). The latest survey on the impact of the new requirements (using figures from 2010) shows that, of the compliant companies, 87 per cent state that they work on CR, while 13 per cent state that they do not. After adjusting for subsidiaries that refer to CR information in the parent company’s consolidated financial statement rather than in a separate report, 95 per cent of companies report on policies, 89 per cent report on actions and 65 per cent describe the results that have been achieved, which represents an increase over 2009 figures (DCCA 2011).

Policies on CR include considerations of human rights, social, environmental and climate conditions as well as efforts to combat corruption. Accounts of actions include any systems or procedures in use, and comments on results include, if applicable, future expectations in this regard (DCCA 2011).
Government policies on CR cannot be seen in isolation from the ebbs and flows of political rule. The inclusiveness agenda came into being under a government headed by Poul Nyrup Rasmussen, Denmark’s Social Democratic prime minister from 1993 to 2001, while the competitiveness agenda was a product of the liberal-conservative government of Anders Fogh Rasmussen, the prime minister from 2001 to 2009. Helle Thorning-Schmidt, a Social Democrat, has been the prime minister of Denmark since 2011, leading a coalition government consisting of the Social Democrats along with the Social Liberal Party and the Socialist People’s Party.

The question of whether the change of rule will usher in a new and third phase in the development of Danish public policy on CR has to some extent already been answered (see below). A likely scenario has been the development of a more integrated approach that incorporates economic and social concerns on a more equal footing. That continues to build on the strengths of strategic CR while also emphasising the social values of the welfare state, solidarity and social obligations. To some extent, this scenario is supported by recent developments in EU policy. Thus, the latest communication from the European Commission promotes a two-pronged understanding of CR that is about both creating shared value and mitigating the adverse effects of corporate activities (EC 2011).

These expectations were confirmed with the new government action plan on CR (2012–2015), which was published in March 2012 (The Government 2012). Its main focus is “responsible growth”, and it emphasises the benefits of a business-driven approach and the creation of shared value. Its most important action, however, is that the government will put forward a proposal to make it mandatory for the largest businesses to report not only on CR, but also on how they deal with human rights issues and work towards reducing their environmental footprint. This indicates a turn towards a hybrid, more demanding governmental approach that is concerned with both the “doing good” and the “avoiding harm” aspects of CR.

**4.1.2 Sector-specific corporate responsibility in five industry sectors**

So far, the competitiveness agenda represents the most systematic effort to mainstream CR among Danish companies. However, relatively few resources have been devoted to sector-specific initiatives. Although awareness-raising initiatives on business-driven social responsibility are included among the 30 activities outlined in the first government action plan, only two of them have been carried out in collaboration with relevant trade organisations. One has focused on agriculture, the other on fashion and textiles. The latter has resulted in the production of a tool⁹⁸ that does not actually have a sector-specific content.

⁹⁸ Available at www.gocrs.dk (Danish only).
In governmental efforts to accomplish a widespread mainstreaming of CR, the objective has been to produce generally applicable models and tools and to enable businesses and trade organisations to develop policies and actions on their own. Accordingly, there has been little governmental follow-through of a sector-specific nature and little knowledge-development with regard to this particular aspect of promoting CR. We do find examples of government-supported CR-related initiatives in the five sectors of this study (see below). However, in order to properly grasp and appreciate the governmental efforts, we must also take into account things such as the development of tools (e.g., CSRKompasset, Klimakompasset and KommunikationsKompasset) that are general in nature but can be tailored to meet company- and sector-specific needs.

4.1.2.1 Chemicals and chemical products

In 2011, the Danish industry for manufacturing chemicals and chemical products had a total production of DKK 29.2 billion and employed 11,192 people. In 2008, its share in gross value added (GVA) was about 1.6 per cent (OECD 2010: 185), and its share in total employment accounted for roughly 1 per cent (ibid.: 189). Thus, it constitutes only a small part of the Danish industrial sector. Due to a continuous decrease in the domestic production of raw chemicals, this subsector consists mainly of small and medium-sized subsidiaries (distributors) of foreign multinationals (e.g., Bayer AB and Brenntag Nordic). The manufacture of chemical products is dominated by two large domestic companies: Hempel (marine coating) and Cheminova (agricultural chemistry). Whereas the CR engagement in raw chemicals to a large extent reflects strategies formulated abroad, the approaches of Hempel and Cheminova may be considered somewhat indicative of the level and nature of CR in the chemicals sector.

Whereas Hempel is the larger of the two in terms of turnover, Cheminova has attracted more attention in the CR arena. Thus, the domestic perception of CR within the chemicals industry has to a large extent been dominated by the performance of this manufacturer of plant-protection products. On several occasions, Cheminova has been criticised for the unsafe use of its products in developing countries, particularly in Central and South America. Agricultural workers have been using pesticides without proper training and

99 The CSR Compass (www.csrkompasset.dk).
100 The Climate Compass (www.klimakompasset.dk).
101 The Communication Compass (www.kommunikationskompasset.dk/sw56572.asp).
102 Statistics Denmark (www.dst.dk/en). In this case, “production” refers to “the value of market-related and non-market-related activities without deductions from expenditures in the production”. Production figures are taken from the 2011 national account statistics. The unit of the employment figures is “full-time equivalents”. Total employment in Denmark was 2,645,000. See: www.dst.dk/en/Statistik/emner/arbejdssstyrke/arbejdskraftundersoegelsen-arbejdssstyrke.aspx.
protective wear, which has resulted in sickness and deaths. Over the last four to five years, Cheminova has responded to outside pressure by engaging in efforts to phase out its most toxic products and replace them with less toxic alternatives.

CR is promoted by the trade associations of both subsectors: *Kemi & Life Science*103 and *Procesindustrien*,104 respectively. They are both important drivers of CR, albeit mostly on the awareness-raising level. They both support the Responsible Care programme and promote substitution (e.g., of toxic substances with less toxic ones). In terms of mandatory drivers, the chemical industry is generally subject to extensive national and international regulation, with the EU’s REACH and CLP (“Classification, Labelling and Packaging”) regulations constituting the most significant legal frameworks. Furthermore, the Danish Environmental Protection Agency is an important advisory platform for companies in the sector.

4.1.2.2 Construction

In 2011, the Danish construction sector had a total production of DKK 189.8 billion and employed 126,898 people.105 In 2008, its GVA share was about 5.5 per cent (OECD 2010: 185), and its share of the workforce equaled roughly 6.5 per cent (ibid.: 189). Construction is one of the largest and most labour-intensive sectors in Denmark. It consists of relatively few large companies and an abundance of SMEs.

It is difficult to point to any single dominant or very visible corporate actor in this sector, and it has yet to play a significant role in the public CR debate. Part of the reason is to be found in the combination of strict Danish labour laws and a strong tradition of collective bargaining agreements between employers and trade unions in addition to the almost exclusively national scope of the sector’s activities. This combination means that many of the social issues for the sector (e.g., labour rights, working conditions in general, health and safety, training and diversity) are contained in laws or union accords, thereby making voluntary corporate action more or less superfluous.

The CR orientation of construction companies tends to be tied to very local factors. According to a recent industry survey on CR, companies in the sector are mostly concerned with the work environment, local environmental issues and local sponsorships and donations. Supplier- and customer-related activities are largely absent, and the companies that engage in CR do so primarily in order to support their reputation and to attract and retain employees (Dansk Byggeri 2011). A possible exception to the lack of significant external pressure—and one that might be gaining in importance—is the use of social

103 Chemistry and Life Sciences (www.kemikaliebranchen.dk).
clauses in public-procurement processes (see Section 2.2). The hiring and treatment (including wages) of migrant workers is another pressing issue that has become more pertinent with the crisis and may be considered a matter of CR.

The trade association Dansk Byggeri\textsuperscript{106} is an important driver of CR in the sector. Its members are committed to an ethical code of conduct concerning society in general, customers, employees, colleagues and business partners. Public efforts to promote CR in the construction industry have mainly focused on issues of the consumption and efficient use of energy. The most important public actors in this regard are Energistyrelsen\textsuperscript{107} and Videncenter for energibesparelse i bygninger,\textsuperscript{108} which refers to the Ministry of Climate, Energy and Building.

4.1.2.3 Wholesale and retail trade

In 2011, the Danish wholesale and retail trade (WRT) sector had a total production of DKK 312.7 billion and employed 308,941 people.\textsuperscript{109} In 2008, its GVA share was about 12.4 per cent (OECD 2010: 185), and its share in the workforce equaled roughly 16.3 per cent (ibid.: 189).\textsuperscript{110} This sector, one of the most labour-intensive and heterogeneous ones in Denmark, includes an abundance of SMEs along with larger companies associated in more than 60 trade organisations. Whereas the retail sector includes everything from the one-person store to the large chain grocery retailer, the wholesale sector consists of large and small importers, distributors and agents as well as subsidiaries of multinational enterprises.

A significant initiative promoting CR in the sector is the Forum for Sustainable Procurement under Denmark’s Ministry of the Environment, which promotes environmentally conscious and sustainable procurement of goods and services in both public and private organisations. The Danish Ethical Trading Initiative (DIEH), established in 2008, was the first Danish multi-stakeholder initiative and works to bring together trade unions, business associations, NGOs and private companies to promote ethical trade and responsible supply-chain management among Danish companies based on the 10 principles of the U.N. Global Compact. DIEH is a member organisation, and its funding is provided partly by the Danish International Development Agency (DANIDA) within the Ministry of Foreign Affairs.

It is difficult to speak of CR-related needs, problems, solutions, trends, strategies and other factors that encompass the sector as a whole. For this

\textsuperscript{106} The Danish Construction Association (www.danskbyggeri.dk).
\textsuperscript{107} The Danish Energy Agency (www.ens.dk/en-us/Sider/forside.aspx).
\textsuperscript{108} The Danish Knowledge Centre for Energy Savings in Buildings (www.byggeriogenergi.dk/about).
\textsuperscript{109} Statistics Denmark (www.dst.dk/en). See also note 10. The production figures of the WRT sector include the production of the automotive trade, which can be considered a separate sector.
\textsuperscript{110} These figures also include household goods and the repair of motor vehicles.

99
reason, and within this broader frame, we have chosen to focus on a subsector: grocery retail (see also Section 2.1). The Danish grocery retail market is dominated by three conglomerates with a total market share of 89 per cent. FDB is a consumer cooperative with a long social heritage. It owns Coop Denmark, the largest grocery retailer in Denmark. Its main competitor is Dansk Supermarked, which is owned by the industrial giant A.P. Møller-Maersk. The third-largest grocery retail conglomerate is Dagrofa/Supergros, a major player in both grocery retail and wholesale. For many years, Coop has marketed itself as the most sustainable grocery retailer in Denmark, whereas Dansk Supermarked and Dagrofa/Supergros have focused more on price and other conventional product parameters.

Coop has been a frontrunner in marketing eco-friendly and -labelled products, thereby offering responsible choices to consumers and creating demand. Supply has gone up with rising demand, and responsible choices are now widely available in Danish grocery stores. However, the range of choices still varies a great deal from store to store, which reflects the different levels of commitment and maturity.

4.1.2.4 Information and communication technologies

In 2011, the Danish information and communication technologies (ICT) sector had a total production of DKK 113.2 billion and employed 61,531 people. It is an industry of increasing importance for the Danish economy.

Nevertheless, the sector’s overall commitment to CR has been modest, which can be attributed to the intangible nature of its core products and competitive pressures, among other factors. Key CR issues have been consumer relations, the provision of Internet access, Internet security and censorship, radiation from the use of mobile phones, the placement (and production) of transmission masts, and waste management. In recent years, “greening” has been a growing CR trend in the ICT sector. The dual aim has been to reduce the environmental and climate-related impacts of ICT as well as to promote ICT as a solution to environmental and climate-related problems. This agenda has been driven by both private and public initiatives.

On the public level, Denmark’s National IT and Telecom Agency, under the Ministry of Science, Innovation and Higher Education, has been the most significant CR driver. It has engaged in numerous initiatives regarding IT security, skills, access, welfare and healthcare solutions, governance and other issues. Furthermore, the agency has established Videncenter for Grøn IT, a

---

112 Statistics Denmark (www.dst.dk/en). Numbers on GVA and percentage of total employment were not available. See also note 10.
113 Knowledge Platform for Green IT (www.itst.dk/groenit).
knowledge platform that aims to promote sustainable IT among public and private actors. Furthermore, the *Børnenes IT-Fond*,\(^1\)\(^{14}\) a multi-stakeholder initiative, aims to provide laptop computers for children placed in out-of-home care. It involves *Børnerådet*,\(^1\)\(^{15}\) an independent public institution under the Danish Ministry of Social Affairs that promotes children’s interests and rights, and *IT Branchen*,\(^1\)\(^{16}\) an interest organisation for IT professionals, among others.

In terms of regulation, the most significant driver of CR is the EU’s Waste Electrical and Electronic Equipment directives, which is regulated domestically via Denmark’s Environmental Protection Act. In response to this legislation, a group of industry associations has established the cross-sector initiative *Elretur*\(^1\)\(^{17}\) in order to make producers and importers assume responsibility for collecting and reprocessing end-of-life electrical and electronic products. More than 1,000 companies have joined this initiative.

### 4.1.2.5 Financial services

In 2011, the Danish financial sector had a total production of DKK 1,484 billion and employed 81,124 people.\(^1\)\(^{18}\) In 2008, its share in GVA was 5.8 per cent (OECD 2010: 185), and its share in total employment was 3.1 per cent (ibid.: 189).\(^1\)\(^{19}\) In terms of volume, the industry is dominated by large commercial banks and institutions, although there are many smaller savings banks in the market and a few cooperatives, mostly with a local orientation. The financial crisis caused Danish banks to suffer major setbacks in 2008 and 2009, posting aggregate losses of DKK 6.4 billion and DKK 15.5 billion, respectively. In 2010, however, they started to recover, with aggregate earnings of DKK 1.7 billion.\(^1\)\(^{20}\)

CR policies are widespread in Denmark’s financial sector, which is partly due to the predominance of large institutions that are obliged to report on CR (in accordance with the amendment to the Financial Statements Act discussed above) and that have been subjected to long-standing public pressure to act responsibly. The largest banks, Danske Bank and Nordea, publish separate reports on CR and sustainability, and virtually all larger public and private pension funds—most notably, ATP, PensionDanmark and PKA Pension—have policies on socially responsible investment (SRI). Furthermore, insur-

---

14 “IT Children’s Fund” ([www.bhd.dk/anbragte-born/institutioner/bornenes-it-fond/parterne-bag](http://www.bhd.dk/anbragte-born/institutioner/bornenes-it-fond/parterne-bag)).


16 The Danish IT Industry Association ([www.itb.dk](http://www.itb.dk)).

17 “Electronic Return” ([www.ewlretur.dk/?ulang=2](http://www.ewlretur.dk/?ulang=2)).

18 Statistics Denmark ([www.dst.dk/en](http://www.dst.dk/en)). See also note 10. The production figures of the financial sector are rather misleading since they only account for VAT-subjected activities, which means that financial transactions are excluded. Adequate figures are very hard to come by.

19 These figures account for financial intermediation; in other words, they also include insurance and pension funding.

Sector-specific Corporate Responsibility in Denmark

Reputation issues

Insurance companies and mortgage lenders, such as Tryg and BRFkredit, are increasingly engaging in and being explicit about CR.

The financial crisis has tarnished the reputation of Denmark’s financial sector. Critics believe it has exposed the sector’s inability to contain greed and self-regulate in a trustworthy and sustainable manner. As the benefactors of several government-funded rescue packages, banks have suffered particular damage to their reputations and are, to varying degrees, faced with the challenge of rebuilding their image and credibility. Within the space of a single year, between 2008 and 2009, Danske Bank famously fell from sixth to 137th place (out of 140 companies) in the annual reputation ranking of the largest Danish companies published by Berlingske Business Magazine. The fact that a number of smaller Danish banks have gone bankrupt as a result of the crisis has done little to strengthen the sector’s image.

Socially Responsible Investment

In the wake of the crisis, major CR-related issues for Danish banks are transparency in customer relations and corporate governance, financial understanding (as a mode of strategic philanthropy; see Section 2.3) and SRI. SRI has been subject to what has often been heated public debate in Denmark since the late 1990s, and pension funds have taken most of the heat, whereas there has been limited development of commercial SRI in the private equity market (Eurosif 2011). Apart from investments in controversial industries, such as those manufacturing weapons (in particular, cluster bombs) and chemicals, the debate has revolved around issues such as pollution, human rights, totalitarian regimes, child labour, workers’ rights, health and safety in the workplace, animal testing and genetically modified organisms. In 2011, the Danish government published a Guide to Responsible Investment (Danish Government 2011) based on the U.N.’s Principles for Responsible Investment.

More recently, there has been a focus on the positive role that the financial sector—and institutional investors, in particular—can play in providing capital for investments in domestic infrastructure and projects aimed at supporting sustainable development (e.g., renewable energy, sustainable production and, most recently, agricultural development in Africa).

New role for investors

4.2 Illustrative examples of sector-specific CR initiatives

The following illustrative examples have been culled from the sectors of WRT, construction and financial services, respectively. They involve government funding and different configurations of partnerships in which the government plays a more or less significant role. The first is an environmental labelling scheme organised as a public-private partnership; the second is a public-private partnership promoting inclusiveness; and the third is a multi-stakeholder initiative offering support to people in debt.
4.2.1 Making CR more transparent for consumers: The Nordic Ecolabel (WRT)\textsuperscript{121}

The Nordic Ecolabel (NE),\textsuperscript{122} most often referred to as the “Swan label” (\textit{Svanemærket}), is the official voluntary eco-label of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). The NE, which is an equivalent to the EU’s Ecolabel (also known as the “Flower label”), was established by the Nordic Council of Ministers in 1989. Its stated purpose is “to promote development, marketing, and use of products that are less harmful to the environment than other similar products.”\textsuperscript{123} In 1998, Denmark was the last of the Nordic countries to join the labelling scheme. This occurred in response to pressure from civil society, politicians and parts of the retail sector. The NE is a reflection of environmental-policy prerogatives that have preceded policy development on CR as such in Denmark and most other European countries. However, its mode of organisation reflects the public-private-partnership approach that has been popularised via the discourse on CR.

The label is managed by a public-private partnership made up of Eco-labelling Denmark, part of the private, independent organisation Danish Standards, and the Eco-labelling Board established by Denmark’s Ministry of the Environment. Whereas Eco-labelling Denmark is in charge of daily operations, including the revision of label criteria and the processing of licenses, the board’s tasks include promoting use of the label and making recommendations for further development. In order to secure broad acceptance and legitimacy, the board has equal representation of trade and industry as well as environmental and consumer interests. The state provides 65 per cent of the DKK 10–12 million in annual funding for the programme, with the rest coming from fees that manufacturers pay for applications, inspections and licenses. The fees are paid annually for the right to use the label and are calculated based on the turnover of labelled products. SMEs get a discount on the fee in order to make the label more attractive to them.

In technical terms, the NE is an ISO 14024 type 1 certified, multi-criteria, whole-life-cycle labelling scheme that assesses environmental and health-related impacts of commodities and services.\textsuperscript{124} It covers approximately 6,500 commodities and 63 product groups and stipulates specific requirements for each group. Each criterion has only periodic validity and is continuously eval-

\textsuperscript{121} This case is, inter alia, based on interviews with Tine Due Hansen, Senior Communication Consultant, Ecolabeling Denmark, and Katrine Milman, Head of CSR, Coop Danmark.

\textsuperscript{122} We should mention that although the Nordic Ecolabel has particular significance in this sector, it cannot be contained within the frame of the WRT. Not only consumer goods but also, for instance, apartment buildings, car washes and cleaning services can be licensed to use this label. Although entire (retail) stores can now be labelled, the label targets a wide variety of manufacturers and manufacturing, thereby blurring boundaries.

\textsuperscript{123} www.ecolabel.dk/NR/rdonlyres/2210646E-5274-45FF-B814-B64A25FFE3D/0/GB_Statutoryorder_20080426.pdf.

\textsuperscript{124} This includes impacts related to the use of energy, water, raw materials, chemicals, hazardous effluents, packaging, waste and other items.
Sector-specific Corporate Responsibility in Denmark

uated and modified through a process involving a variety of public bodies and other stakeholders. Companies and consumers, along with public authorities and civil society organisations, may propose criteria for new product groups. Proposals are then processed by Eco-labelling Denmark and the Eco-labelling Board and evaluated with regard to relevance and potential impact.

In terms of its impact and overall significance, the label complements the existing legal framework. It serves as an important driver and source of inspiration for stricter environmental regulation. The label entails a “spin-off” effect whereby the voluntary (best) practices of labelled manufacturers enter into assessments of the legal feasibility of new regulatory measures. Through this process, labelling criteria can become templates for new regulatory standards. The label has also been instrumental in improving the overall social and environmental performance of the Danish retail sector as well as in raising public awareness of the environmental and health-related properties of consumer goods in general.

The propagation of CR in the retail sector is impeded by a major obstacle: the general lack of transparency in the market. The sector is characterised by an enormous amount of diverse products with impenetrable value chains and production processes. In order to be able to make informed and responsible choices, responsible options must be easily available along with reliable product information, and the relationship with the consumer must be based on trust. The NE has an important role to play in this regard as a widely recognised and trusted eco-label that comes with a public seal of approval from Denmark’s Ministry of the Environment and the other stakeholders involved.

A recent Nordic survey showed that 94 per cent of consumers recognise the NE as an eco-label, which indicates that it at least potentially has great branding value for manufacturers, importers, retailers and public bodies (through tenders). The annual report 2011 also shows that licences increased by 7 per cent during 2011 (Nordic Ecolabelling Board 2011). Be that as it may, the NE has not been embraced to the same extent by all grocery retailers. While Coop has been instrumental in promoting the NE, its competitors have been much less forthcoming and proactive. This reflects the long social heritage of the cooperative and its active strategy to be the most sustainable grocery retailer in Denmark.

Although it is first and foremost an environmental label, another benefit of the NE is that it can also be considered a sort of “meta-label” in the sense that it covers a wide range of CR-related issues. For example, it is rather unlikely that a company is simultaneously aware of hazardous waste and completely unaware of its own work environment. According to this logic, the NE can be a major signifier of a company’s CR strategy—and not just for manufacturers labelling their products, but also for other organisations using the label in their procurement. Indeed, eco-labelling may be the only tool capable of measuring a company’s CR efforts in absolute numbers and of simultaneously en-
Illustrative examples of sector-specific CR initiatives

Ensuring the relevance of the company’s actions in regard to an external constituency.

To a large extent, the success of a label like the NE is determined by consumer, retailer and manufacturer awareness. A necessary condition of this is branding—and this, of course, requires funding. This explains why the EU’s Ecolabel has not been as successful as the NE has been in Denmark. Although the Confederation of Danish Industry has seen a larger market potential in a European label than in a Nordic one, it has not shown itself willing to take a more wide-reaching initiative to support it. Indeed, ongoing public funding has been one of the key determinants of the success of the NE in Denmark, which reflects a political environment in which such schemes are considered a public as well as a private responsibility.

This strength can, however, also be a shortcoming in terms of the export potential and scalability of the label. At present, for various political and commercial reasons, there are no plans to export the label as such, although there has been an increase in the number of manufacturers from around the world contacting Eco-labelling Denmark to inquire about getting a license. There is a definite export potential for NE-labelled Nordic products due to the strength of the Nordic brand. However, the potential for further development lies in collaboration between different labelling schemes whereby they adopt each other’s criteria and licenses (as reflected in the Global Eco-labelling Network, of which NE is a part) rather than in exporting the “Swan label” as such.

4.2.2 Promoting integration through the workplace: Flere praktikpladser (construction)\(^\text{125}\)

Launched in January 2011, Flere praktikpladser (FP)\(^\text{126}\) is a public-private partnership between BRFkredit, an independent mortgage credit institution, and the Ministry of Housing, Urban and Rural Affairs (formerly the Ministry of Integration). Each provides half of the funding for the project (approximately DKK 1.2 million in all), which runs for one year. The purpose of FP is, specifically, to provide 30 non-ethnic Danes with internships in the construction sector within the project period and, more generally and importantly, to develop discourse- and norm-altering methods for the creation of more internships in the sector.

The project has been developed through multi-stakeholder dialogue with housing associations, construction companies and vocational schools. It targets, on the one hand, Danish construction companies associated via Dansk Byggeri\(^\text{127}\) and, on the other, the nonprofit housing sector associated via Bolig-

---

\(^{125}\) This case is, inter alia, based on interviews with Karin Parbst, Project Manager, BRFkredit, Lene Hjorth, Head of CSR, BRFkredit, and Henriette Thuen, Head of the International Department, the Danish Construction Association.


\(^{127}\) The Danish Construction Association (www.danskbyggeri.dk/english/english).
selskabernes Landsforening (BL). The former represents 600 construction companies, whereas the latter provides housing for about 1 million people and is struggling with high unemployment among its tenants while facing a major need for future renovation and building projects. Apart from creating 30 new internships, the project has resulted in the articulation of codes of conduct for housing associations and construction companies as well as in a partnership agreement between BL and Dansk Byggeri.

FP addresses and seeks to alleviate a sector-specific problem: a shortage of internships in the construction sector, which makes it difficult for many youths in vocational training, particularly non-ethnic Danes, to finish their education and get a foothold in the labour market. Thus, from the government’s point of view, the project is firmly located within the inclusiveness agenda, as it focuses on issues of unemployment and the inclusion of minority groups. From the point of view of BRFkredit, the project (which is part of a broader portfolio of CR-related activities) allows the company to use its good name, knowledge and network in the sector to facilitate progressive cooperation, challenge the status quo and help solve a pressing problem.

The shortage of internships is exacerbated by social, ethnic and gender-based discrimination in hiring processes and the failure of legal frameworks to deal adequately with such issues. The sector is characterised by a change-impeding discourse that makes acquiring an internship the sole responsibility of the would-be interns themselves, as opposed to a shared responsibility. Also, there is widespread reluctance towards cost- and complexity-inducing legal frameworks, such as social clauses in public procurement, which complicate companies’ right to decide on such matters for themselves.

Importantly, FP as a mode of soft law is not a substitute for social clauses but, rather, a complement. Social clauses can provide leverage for a larger number of internships to be made available, whereas soft law can help address needs for particular forms of inclusion—relating to the ethnicity, gender or social origin of interns. Soft law is apparently more acceptable among construction companies and more sensitive to the needs of SMEs in the sense that it entails fewer administrative burdens.

The partnership has resulted, first, in a code of best practice, which is a multi-stakeholder organisational framework aiming to facilitate employment in renovation and building projects in the nonprofit housing sector. Second, it has produced two codes of conduct—one directed at housing associations, another at construction companies—to be used in voluntary partnership agreements between members of both groups. Third, it has led to a partnership agreement between the parties to adopt the codes in their mutual interactions. As for the participants of the initiative, most of them signed apprenticeship agreements, as the final report shows (BRFkredit 2011).

128 The Danish Union of Non-profit Housing Associations (www.bl.dk).
The overall purpose of the codes has been to help create a new discourse that allows CR to be a real concern in tendering processes in addition to economic considerations. The extent to which this has been accomplished is not quite clear, but there is hope that social responsibility will be integrated into tendering processes at some point. So far, the initiative has generally met with positive reactions in the sector. FP is promoted not only by BRFkredit and the Ministry of Housing, Urban and Rural Affairs, but also by the BL and Dansk Byggeri. Through their partnership agreement, they have both made the code of conduct their own.

In regard to future potential, a major challenge is the firm implementation of the code in the tendering process. To accomplish this, housing associations, construction companies and educational institutions need guidance and structural changes. A necessary condition for such guidance is the continuation and extension of the project and, thus, more public funding. An application has been made for continued funding, but the money has not yet been awarded. Both the Ministry of Housing, Urban and Rural Affairs and the Ministry of Employment would seem to be relevant public partners. However, the need for political support might be a problem if the discourse changes and social clauses become the favoured modus operandi in regard to internships.

Overall, FP is a reflection of how the labour market can be both a barrier to and an import lever for the integration of ethnic minorities—and of how the challenge of breaking down barriers and creating new opportunities can be addressed through CR. Considering that unemployment and social exclusion are even bigger social concerns in many other European countries, Flere praktikpladser may have export potential as an inexpensive way to alleviate a complex societal problem by integrating it into tendering processes on a voluntary basis.

4.2.3 Helping people in economic need: Frivillig gældsrådgivning (financial services)\(^{129}\)

Frivillig gældsrådgivning (FG)\(^{130}\) is a multi-stakeholder initiative involving the Ministry of Social Affairs (providing steering, funding and guidance), Finansrådet\(^{131}\) (coordinating the recruitment of voluntary consultants among its members, e.g., Danske Bank) and NGOs\(^{132}\) (providing facilities and expert knowledge on user needs, promoting the consultancy and administering it on a daily basis).

\(^{129}\) This case is, inter alia, based on an interview with Tina Obel Lope, Corporate Responsibility Manager, Danske Bank.

\(^{130}\) “The Voluntary Debt Consultancy” (www.finansraadet.dk/bankkunde/information-og-raadgivning/frivillig-gaeldsraadgivning.aspx).

\(^{131}\) The Danish Bankers Association (www.finansraadet.dk/mainpage.aspx).

\(^{132}\) For example, Forbrugerrådet (the Danish Consumer Council), KFUMs Sociale Arbejde i Danmark (YMCA’s Social Work in Denmark) and Frelsens Hær (the Salvation Army).
FG was launched in 2008. The Danish Ministry of Social Affairs (as of January 2012, the Ministry of Social Affairs and Integration) has provided funding for a four-year period—DKK 16 million in all—via a pool earmarked for disadvantaged groups. FG addresses a topical and pressing societal issue. Its purpose is to offer debt consultancy for disadvantaged people in order to help them gain better control over their personal finances and motivate them to pay off their debts. The users of the consultancy range from homeless people to regular citizens facing economic difficulties due to a range of actions, such as excessive consumption and taking out high-interest loans.

The consultation hours are paid through a 50-50 arrangement, whereby the consultants themselves pay half of the cost (as a mode of corporate volunteering) while their employers pay the other half. The users are granted strict anonymity, and the consultancy takes place in a neutral, non-intimidating setting. According to a report published by the consulting firm Rambøll, FG has had 4,000 users, and 250 consultants, mostly motivated by personal social commitment, have been affiliated with it as of September 2011 (Rambøll 2011). The report concludes that FG has succeeded in helping a particularly disadvantaged group of people in a trustful and dignified way, but that it is difficult to ascertain whether FG leads to long-term debt reductions. The report also suggests that FG’s strong affiliation with NGOs is an important feature of and reason behind its success.

From the government’s point of view, the project is obviously a reflection of social-policy priorities. However, unlike the other two cases, it does not constitute a complement to regulation. Instead, it is a project of a philanthropic nature that allows banks to give something back to society. From the point of view of Dansk Bank, one of the main contributors on the business side, FG is in line with the Danish government’s overall CR-promotion strategy. It urges banks to make use of their core competencies in order to create value for both themselves and society. Indeed, FG can be considered a mode of strategic philanthropy that matches the professional expertise of banks with a problem—personal debt—that is intrinsic to their function as banks.

The financial sector generally appreciates promotion of this kind of voluntary scheme, while mandating is considered to be in breach of CR. However, it is also emphasised that a particular strength of the project lies in its collaborative, multi-stakeholder organisation, whereby different actors address a common concern. The government provides funding and facilitates cooperation; banks offer employees and man-hours; employees bring dedication, expertise and time; and NGOs secure promotion, facilities and legitimacy.

In terms of value-creation, the business case for FG seems illusory, although similar partnerships can result in the development of profitable business models. For Danske Bank, the branding potential of FG is rather low. It might bring back lost debtors, but this is not the reason why the bank has chosen to get involved. The primary motivation is philanthropic, although
Illustrative examples of sector-specific CR initiatives

there is arguably value in the effects it can have on employees’ sense of meaning and motivation (and, thus, on retention). In fact, employee interest in FG has been overwhelming—so overwhelming that a strict screening and selection process has been put in place to find the most suitable personnel.

Due to its operational logic, FG is more geared towards large than small banks. Launching consultancy services takes an investment of resources that are only available to larger businesses. Furthermore, the recruitment of adequate personnel requires an organisation of HR not found in SMEs. Danske Bank currently has 17 consultants working three hours a week each on FG on a 50-50 basis. Overall, the 250 consultants involved so far have devoted between six and 16 working hours a month to the project.

FG forms a small part of the effort to deal with a large societal problem: people’s (including many young people’s) inability to handle their private economic affairs in a responsible fashion. Although the initiative has been a major success and has potential for expansion, such efforts might be accused of merely dealing with the symptom and not with the root cause of a deeper societal problem. Still, it offers an important treatment opportunity to many people with economic difficulties. However, in order to have a long-term impact, early-prevention measures directed at children and young people should be a particular concern. Some financial institutions have already recognised this problem. For instance, Danske Bank already engages in such activities through its Finansiel forståelse (“financial literacy”) program.133

FG shows the ability of multi-stakeholder initiatives to bring together an array of different societal actors with different interests to deal with a topical issue constituting a common concern. The evaluation provided by Rambøll indicates that FG succeeded in helping a significant number of indebted citizens (Rambøll 2011). Consequently, it has been well-received by the sector, and it should certainly be possible to replicate the project in other countries in which a similar multi-stakeholder organisation can be set up. Although such an initiative could start up as an entirely private effort, public involvement (including funding) has played a significant role in making FG happen and succeed.

The chapter shows that the promotion of sector-specific CR is still in its infancy in Denmark. Apart from the Nordic Ecolabel, which is an established institution with roots in environmental policy, the good practice examples we have explored are small-scale efforts compared to the overall governmental promotion of CR. Moreover, the three examples reflect the current CR framework in Denmark. The Nordic Label is typical of the public-private partnerships formed under the CR umbrella. A partnership approach is also taken by FP and FG, which tackle issues in their industries that are simultaneously

part of larger societal challenges. Thus, companies within the industrial-sector context contribute to the government’s social agenda.

4.3 Comment

Although sector-specific CR is not very common in Denmark, we do find a range of organisations and initiatives—in addition to the three examples that this chapter has focused on—aiming to promote and support the adoption of CR within sectors. What’s more, although general in nature, the government-supported programs and tools aiming to mainstream CR have been tailored to meet business- and sector-specific needs. This must also be taken into account when evaluating the level of development in Denmark.

In terms of legacy, the three examples lend support to the partnership model and social values (Albareda et al. 2007) as opposed to the strategic understanding of CR. They are examples of close cross-sector collaboration via multi-stakeholder partnerships exemplifying the strengths of a coordinated and socially embedded market economy (Matten and Moon 2008). They also illustrate the all-important role of government in the modern welfare state. Although the welfare-state model is under pressure, government participation, if only through funding, is a necessary condition for the (continued) success of these projects.

Overall, this points to a need to appreciate the value of implicit and collaborative CR. To complement strategic CR with collaborative insights is to give businesses an active role in collective problem-solving—building on prior experiences of trade associations, clusters and industrial groups and exploiting a mindset and way of doing things that is already second nature to many business leaders. Thus, an atomistic view of the individual business firm facing the challenges of CR on its own, being concerned only with its own strategic interests, is complemented by one emphasising the value of partnerships, dialogue and inclusive forms of networked governance. CR thus becomes a matter of creating strong relationships that facilitate knowledge-sharing, social capital and trust (Vallentin and Murillo 2010).

References


5. Sector-specific Corporate Responsibility in France

Julia Roloff

Summary

French multinational companies are known to engage in corporate responsibility (CR) initiatives that set standards at the international level, such as the United Nations Global Compact, the Global Reporting Initiative and the ISO 26000 guideline on social responsibility. French legislation on several CR-related topics, such as anti-corruption and anti-piracy, is among the most ambitious internationally. However, as in other countries, a significant number of small, medium-sized and larger companies still struggle with integrating CR requirements into their core business. Although France is a centrally organised country with a strong government, public actors do not dominate in French CR initiatives. Instead of leading these initiatives, they support the engagement of civil society and business actors. This is illustrated well in two case studies presented in this chapter, on France Active and Effinergie. In other cases, such as with the city of Lyon and its responsible purchasing strategy, CR initiatives are locally organised and geared towards bringing together different types of organisations and companies from various industries so that they can jointly address a particular CR issue.

5.1 Corporate Responsibility in France

5.1.1 General CR context

In France, corporate responsibility (CR) is more frequently discussed under the rubric of sustainable development (développement durable) than under that of responsibility. As Berthoin Antal and Sobczak (2007) explain, there are a number of reasons for this: Firstly, the English term “corporate social responsibility” causes confusion in French because it uses the same word for both responsibility and liability. Secondly, in French, the term “social” is inter-
interpreted as exclusively referring to labour-related issues. Therefore, in France, the concept of CSR is more often translated as responsabilité societale de l’entreprise, using the term “societal” for the abbreviation RSE, rather than as responsabilité social de l’entreprise. Thirdly, other terms used in the English CR discussion have found more support in France. In particular, the term “corporate citizenship”—which remains disputed internationally (Matten, Crane and Chapple 2003; Matten and Crane 2005)—dominated the discussion in the 1980s. The term was used by, among others, the minister of labour and found its way into some legislation (Berthoin Antal and Sobczak 2007).

Historically, France has had a strong track record of addressing social issues in the work context, such as social welfare, health and safety management, and work-life balance. For example, in 2000, weekly working hours were reduced from 39 to 35 in order to encourage more employment (République Française 1998). Full-time employees are covered by compulsory social insurance schemes, such as pensions, parental leave, unemployment benefits and health services (Salldarré and Bouget 2005: 4), and additional benefits may result from social dialogue between unions and employers. Due to this context, addressing social issues in the work context is often seen as the responsibility of the government rather than of individual firms and not necessarily understood as constituting CR.

The government has been instrumental in furthering CR in France. It has acted as a driver by launching the national strategies for sustainable development issued in 1997 and 2003. While the first strategy was mainly a reflection exercise without operational implications, the national strategy of 2003 entailed a very detailed action plan and mandated the creation of the Commissariat Général au Développement Durable in 2008, an interministerial committee for sustainable development. One of the objectives of this strategy was to support fair trade. In 2005, a law was issued which, one the one hand, states that fair trade is part of the national strategy for sustainable development and contributes to economic and social progress and, on the other, stipulates under which conditions a producer can be officially recognised as contributing to fair trade.134

Another CR driver was the introduction of a law in 2001 on Nouvelles Régulations Économiques (NRE) that mandated social and environmental reporting for companies listed on the stock market. This was an evolution from the “social balance sheet” (bilan social) that has been compulsory for companies with more than 300 employees since 1977.135 The bilan social is an annual report covering employment, wages, health and safety, working conditions, training, industrial relations and living conditions related to the company. The NRE is more specific in that it defines ethical financial practices, clarifies

134  Loi n° 2005-882 du 2 août 2005 en faveur des petites et moyennes entreprises, article 60.
competition rules, improves social dialogue, strengthens the role of works councils in takeovers, mergers and proposed share exchanges, and enforces consumer rights (Macaire 2001).

A broad variety of other laws and regulations are linked to CR issues, as well. For example, there is a law ensuring equal opportunities that was passed in 2006 and led to the establishment of an agency for social cohesion and equal opportunities.136

In 2007, the newly elected president, Nicolas Sarkozy, vowed to put issues of sustainable development high on his agenda and, on May 21, 2007, he initiated the *Grenelle de l’Environnement*. Its purpose is to bring together representatives from civil society, business and government to discuss what needs to be done to make France a more sustainable society.137 In the spirit of a multi-stakeholder approach, five stakeholder groups were represented in all deliberations held during the *Grenelle*: associations representing the regions, employers, employees, nongovernmental organisations (NGOs) and the state (Commissariat Général au Développement Durable 2008).

In a first phase, which ran between mid-July and the end of September 2007, eight working groups, each made up of representatives from all five stakeholder groups, formulated a number of proposals on what should be done locally, nationwide and internationally. Working groups were organised on the following subjects: fighting climate change and managing energy demands, preserving biodiversity and natural resources, fostering a healthy environment, adopting sustainable ways of producing and consuming, constructing an ecological democracy, promoting ways of environmental development that support employment and competitiveness, genetically modified organisms and waste. The latter two subjects came up during the deliberations, so the working groups on them were set up a bit later than the other ones.

In October 2007, four high-level roundtable discussions took place to reflect on the working groups’ proposals. These discussions were often heated and a number of subjects remained controversial as all participants knew that laws were planned as an outcome of the *Grenelle*.138 Therefore, the NGOs and trade unions pushed the agenda towards more and stricter regulations, whereas the representatives from the business associations insisted on voluntary solutions. Some subjects, such as nuclear energy, were so controversial

136 www.lacse.fr. This law is one of the reasons why France Active (see Section 2.3) included women in its target group.
137 www.legrenelle-environnement.fr.
that two NGOs—Greenpeace and Foundation pour la nature et l’homme—abandoned the discussions in protest at a certain point.

It is important to note that, at this stage, no representatives from individual companies were invited to the talks. Instead, companies were represented by their associations. While these associations are usually engaged in lobbying activities when new laws and regulations are planned, during the Grenelle, this type of lobbying was discouraged by the transparency created in the roundtable discussions. This fact may explain why the laws resulting from the Grenelle de l’Environnement are more environmentally progressive than earlier legislation.139

The first phase of the Grenelle de l’Environnement was mainly a consultation process that resulted in the creation of the four roundtables. In a second phase, an operational committee consisting of experts from all five stakeholder groups was asked to draft laws and regulations that reflected what had been discussed in the first phase.

So far, this ongoing process has resulted in two laws and a large body of regulations. The first law, published in 2009 and including 57 articles, covers a range of subjects, including climate change, the energy consumption of buildings, urban development, transport and energy, as well as guidance on how to address these issues. The second law, from 2010, addresses the same issues in more detail in 257 articles. The strong focus on environmental issues—which are discussed in relation to social and economic aspects of sustainable development—led to a greater environmental consciousness within French companies (Hudson and Roloff 2010).

However, the government is not the only driver of CR and sustainability. Civil society organisations are also actively involved in implementing the “Guidelines for Multinational Enterprises” of the Organisation of Economic Co-operation and Development (OECD). In particular, the French NGO Sherpa,140 which aims to protect and defend victims of economic crimes, has used the compliance mechanism of these OECD guidelines to further CR.

Several academic and business networks are also active in promoting CR. These include Orée, which focuses on environmental management, and the Observatoire sur la Responsabilité Sociétale des Entreprises, the French national partner of CSR Europe. Notable academic networks dealing with CR are the Association pour le Développement de l’Enseignement et de la Recherche sur la Responsabilité Sociale de l’Entreprise, the Réseau Internationale de recherche sur les Organisation et le Développement Durable and EBEN France.

French multinational companies have demonstrated a commitment to CR for a long time. Many engage in international initiatives, such as the United

---

139 Source: see previous footnote.
140 www.asso-sherpa.org. A list of the complaints processed by the French Contact Point is available at: www.oecdwatch.org/cases/advanced-search/ncps/casesearchview?type=NCP&search=National%20Contact%20Point%20France.
Nations Global Compact (UNGC). By April 2012, 705 of the 6,938 participating companies were French, making the country one of the most active networks. Typically, UNGC member companies publish non-financial reports in accordance with the standards set by the Global Reporting Initiative. Among the French small and medium-sized enterprises (SMEs), a clear distinction can be made between the few that have embraced a more responsible and sustainable way of doing business, on the one hand, and the large majority that have only started thinking more intensely about their social and environmental impacts over the past decade, on the other (ibid.).

Many social and environmental issues are addressed in France through associations and networks in which private and public actors collaborate. Such collaborations often cross industry boarders. An example of this is the anti-counterfeiting committee, in which public actors work together with companies producing pharmaceuticals, fashion articles, spare parts for automobiles and many other products in order to fight the import and sale of counterfeits. All three case studies in Section 2 refer to these kinds of collaborations on the national and local level.

The French hold traditional, local crafts and products in high esteem. A local product that is typical for its region is perceived as being valuable and intrinsically good. A lot of effort is put into preserving and promoting products that are representative of their region or territory—in French territoire. This is one of the reasons why marketing organically grown products, for example, has been comparably difficult in France, where consumers do not understand why organic products should be superior to similar products that are locally grown. The fact that local crafts, products and services are perceived as having an intrinsic value is relevant for understanding how French think about CR. Many French companies will emphasise that they produce locally and use traditional production methods in order to demonstrate their CR. The idea of territoire also impacts on how CR initiatives are structured, as many are organised at a regional rather than an industry-specific level in order to enable collaboration on more eco-friendly products and production processes.

5.1.2 Sector-specific corporate responsibility in five industry sectors

5.1.2.1 Chemicals and chemical products

In 2010, chemicals and chemical products worth €79.1 million (at current prices) were produced in France. A total of 1,417 enterprises in this sector are organised into the Union des industries chimiques (UIC). In 2009, the industry’s share in Gross Value Added (GVA) was 1.2 per cent (OECD 2010: 245), and it employed about 0.5 per cent of the total workforce in 2008 (ibid: 249).

141 www.unglobalcompact.org/participants/search.
143 Unless otherwise noted, the data in this paragraph has been compiled from the INSEE, France’s National Institute of Statistics and Economic Studies (www.insee.fr).
The chemical sector faces a number of challenges related to CR and sustainable development. Not surprisingly, the UIC addresses three main areas of engagement on its website: social issues relating to employees; product stewardship related to nine principles of the Responsible Care initiative; and the EU’s REACH regulation, which demands that companies declare and research all substances and substance combinations used in chemical products.144

More specifically, the UIC provides its members with guidance on saving energy, protecting coastlines, managing products in a sustainable manner and recycling solvents as well as on rare earths, more sustainable resins and carbon emissions. The UIC is also the French gateway to participating in the Responsible Care initiative, which has been signed by 551 French companies. Each year, three companies are awarded for having developed best practices in the area of health, safety and the environment, respectively. In 2011, the European Chemical Industry Council bestowed the Responsible Care Award on the UIC for its collaboration with four artists in developing a campaign that communicates the chemical industry’s engagement in this.145 Overall, the chemical sector seems to be under regulatory pressure to address its CR as a result of both laws related to the Grenelle de l’Environnement and international regulations.

Although the pharmaceutical sector was not studied explicitly for this report, it deserves to be mentioned here because it is closely related to the chemicals sector and shows a strong commitment to CR. Pharmaceutical companies collaborate with public actors in fighting against counterfeit products, for example, in the anti-counterfeiting committee and in direct partnership with customs authorities (Bou-Fleurot 2010). The association of the pharmaceutical industry146 has also developed a methodology for measuring the carbon footprint at different levels: for a specific medication, a production site, a company and a group of enterprises (Batenbaum 2010).

5.1.2.2 Construction

The French construction sector’s production in 2010 had a value of €256.8 million (at current prices). In 2009, the sector accounted for about 6.5 per cent of GVA (OECD 2010: 245). Much of the construction sector is made up of SMEs and self-employed craftsmen. Of the enterprises in this sector, 6.3 per cent are categorised as medium-sized, that is, employing between 10 and 249 persons. This is the highest percentage among the five sectors studied. In 2008, the sector employed about 7 per cent of the workforce (ibid.: 249).147

---

144 Union of the Chemical Industry (www.uic.fr).
146 See, e.g., Les entreprises du médicament (www.leem.org).
147 Unless otherwise noted, the data in this paragraph has been compiled from the INSEE, France’s National Institute of Statistics and Economic Studies (www.insee.fr).
The construction sector has embraced the topic of sustainable development because the laws resulting from the *Grenelle de l’Environnement* guarantee tax advantages for the construction of buildings with low energy consumption. As a result, many new buildings are now certified as low-energy housing (BBC).\(^{148}\) Likewise, companies producing and selling building materials have started declaring ecological data on their products and production processes in more detail.

Illegal and irregular employment is a common challenge in the construction sector, and France is no exception in this regard. However, illegal and irregular employment is less frequently observed in the construction sector than in the textile and hospitality industries, according to data from work inspections (Defawe 2009). Still, the government has enforced a range of regulations and controls in order to prevent illegal employment (Ministère du Travail 2010).

Much of the regulatory effort is focused on the public construction of buildings, roads, bridges and so forth, whereas private constructions and the large number of SMEs in this field are less regulated. For this reason, in 1995, the *Fédération nationale des travaux publics*\(^{149}\) inserted an anti-corruption paragraph into its code of conduct, which dates back to 1922 (Poncet 1995). According to a recent analysis by Transparency International, an international NGO fighting corruption, although French anti-corruption laws are fairly substantial, they are poorly enforced by the legal system (Transparency International 2011).

### 5.1.2.3 Wholesale and retail trade

The wholesale and retail (WRT) sector is the largest sector presented in this section. In 2008, 12.8 per cent of French employees worked in wholesale and retail. In 2010, the sector generated €605.3 million in value (at current prices). The sector’s share in GVA was about 10 per cent in 2009 (OECD 2010: 245).\(^{150}\) Medium-sized companies—that is, those with between 10 and 249 employees—are well-represented in this sector, accounting for 5.9 per cent of the enterprises in 2008.\(^{151}\)

The WRT sector is usually among the first to notice changes in consumer behaviour resulting from a greater sensitivity to specific social and environmental issues. French supermarket chains have responded by offering more organic and fair trade products in their aisles. Compared to some other European countries, the range of products is still limited, and eco-conscious customers find a greater variety of them on offer in smaller specialised shops.

---

\(^{148}\) Bâtiments basse consommation.

\(^{149}\) National Federation for Public Construction (www.fntp.fr).

\(^{150}\) The figure includes those for the repair of motor vehicles and household goods.

\(^{151}\) Unless otherwise noted, the data in this paragraph has been compiled from the INSEE, France’s National Institute of Statistics and Economic Studies (www.insee.fr).
However, as previously noted, French consumers have traditionally preferred local products, and many supermarket chains cater to these preferences. For example, the chain Super U advertises with the promise to obtain most of its products from local sources.

Another supermarket chain, Carrefour, boasts of having been committed to CR for 20 years, starting with a greater focus on quality in 1992. This commitment later went on to address other issues, such as organic products (1997), diversity (2004), overfishing (2005), energy consumption (2007) and social standards among its suppliers (2008). Since 2004, Carrefour has been following a detailed code of ethics and, in 2010, it issued a Carrefour Social and Ethical Charter for its suppliers. Moreover, Carrefour is collaborating with public actors, for example, in the context of its “Fighting against discrimination strategy” as well as with its programme “Responsible employer—pushing back illiteracy.”

Auchan, another large French supermarket chain, exhibits a similarly broad approach to CR. It has worked to become a responsible discounter and employer, a good partner and more environmentally friendly, and it has engaged in philanthropy. For example, Auchan Portugal committed itself to get certified with the SA8000 standard of Social Accountability International (SAI), thereby signalling its compliance with labour and human rights. Auchan is also collaborating with suppliers in China and Taiwan to develop a range of “responsible products”, and it has made its Russian employees shareholders (Auchan 2011).

In order to contribute to the aims of the Grenelle, the supermarket chain Leclerc introduced a pilot project for informing consumers about the carbon footprint of their purchases. In a first phase, the carbon footprint of products was printed next to the price, and the overall carbon impact of a client’s purchase was added up on the bill. In a second phase, products with low carbon footprints in each category were marked on store shelves (Ministère de l’Ecologie 2008).

Several public bodies in France—such as the city of Lyon (see Section 2.1) and the Rhône-Alpes region—have adopted purchasing policies that include social and environmental criteria in the selection of products and services. Likewise, a number of French retailers have joined the Business Social Compliance Initiative, which allows retailers to share information on the social and environmental performance of their suppliers in order to reduce au-

152 www.carrefour.com/cdc/responsible-commerce/our-approach/a-historic-commitment/
literacy.
155 The Rhône-Alpes region has a comprehensive fair trade programme in place, including training, supply-chain projects and fair trade partnerships with regions in developing countries. See: www.rhonealpes.fr.
diting costs. Among them is the very popular French fashion house Groupe Etam.

5.1.2.4 Information and communication technologies
In 2010, France’s information and communication technologies (ICT) sector generated €12.6 million in value (at current prices). Although the sector includes some large companies (e.g., France Telecom), SMEs play a large role. Of the companies in the sector, 5.9 per cent are medium-sized, that is, employing between 10 and 249 employees. Overall, 2.6 per cent of French employees worked in this sector in 2008.156

There is little public discussion regarding CR in the telecommunication sector. Still, when one takes a look at the websites of large mobile-phone network providers, one often finds a page referring to the company’s social and environmental engagement. Orange, a brand owned by France Telecom, addresses a wide range of CR issues, including mobile-phone recycling, health risks related to electromagnetic waves, nuisances (e.g., spam mails) and philanthropic work.157 SFR, another industry leader, primarily concentrates on four issues: disabled clients, health and safety, recycling and philanthropy.158

France Telecom’s Orange brand also numbers among the 25 signatories of the ICT Coalition for a Safer Internet for Children and Young People, a voluntary initiative for protecting minors from abusive and illegal online content and educating them about responsibly using the Internet.159 Even before engaging internationally, Orange had committed itself to the cause with its Charta for Protecting Children (Orange 2010), from 2010, and signed an agreement in 2006 (along with several French operators and the Ministry) about offering parental control free of charge for its mobile and fixed phones as well as its television and Internet services.160

The French IT sector is dominated by SMEs, the majority of which are located in and around Paris.161 Some of their CR activities are published on an Internet platform dedicated to “green IT” on which good practices and recent information are exchanged.162 For example, a recent post described how the private television channel TF1 reduced electricity use at its IT workplaces by between 60 and 75 per cent. The post describes in some detail which software was used to achieve this reduction, thereby enabling readers to copy this approach.163

156 Unless otherwise noted, the data in this paragraph has been compiled from the INSEE, France’s National Institute of Statistics and Economic Studies (www.insee.fr).
158 www.sfr.fr/developpement-durable/#sprintid=V_footer_engage.
161 www.insee.fr.
162 www.greenit.fr.
163 www.greenit.fr/article/logiciels/tf1-reduit-la-consommation-electrique-de-ses-postes-de-travail-de-60-4098.
The question of whether there is sufficient legal regulation of how companies can use private data is a major concern voiced by French civil society organizations. In particular, labour unions are concerned about the amount and quality of data that companies can gather on their employees and customers. The Association Française des correspondants à la protection des données a caractère personnel (AFCDP) addresses these problems with its over 250 institutional members, many of which are among France’s largest enterprises.

5.1.2.5 Financial services

The financial services sector includes all types of financial intermediations and insurances. Together, these enterprises generated €184 million (at current prices) in value in 2010. In 2009, the industry’s share in GVA was about 5 per cent (OECD 2010: 245). The sector is dominated by larger enterprises, and only 3.5 per cent of the companies are medium-sized, that is, with between 10 and 249 employees. In 2008, the sector employed 3.2 per cent of the French workforce. Government statistics suggest that, so far, the French financial sector has been surprisingly little affected by the international economic crisis (Fournier 2010). However, since French banks are important lenders to Greece’s financial institutions, their own creditworthiness has been questioned (Saltmarsh 2011).

The financial services sector has embraced sustainable development and CR in a way that allows them to broaden their product portfolio by offering socially responsible investment (SRI). In its annual survey in France, the research centre Novethic (2011: 1) found that French customers held €68.3 billion in SRI assets at the end of 2010, representing a strong growth (+35%) that is 20 times that of the total French market. However, this type of CR engagement did not significantly change how financial institutions conduct their core business.

Among the banking institutions, cooperative banks feel the pressure to address CR more explicitly because, since 2001, they have no longer been excluded from having to report social and environmental data. While their cooperative nature was previously enough to testify to how they contributed to the common good, they now seek to develop CR strategies that more specifically address the expectations of their non-stockholding stakeholders.

French savings banks offer microloans to vulnerable customers. In order to avoid having these loans contribute to worsening their recipients’ fi-
nancial situation, the banks ensure that a careful analysis of their financial situation is made and that a suitable form of loan is chosen. Savings banks also collaborate with other institutions that may help vulnerable clients improve their situation. These partners are NGOs that perform a range of services, such as providing help to handicapped people, distributing donated food and offering counselling services. Savings banks also refer those clients seeking to establish their own business with the microcredit to organisations that offer entrepreneurial advice, and they help to obtain guarantees when larger loans are needed (see Section 2.3).

In addition, the savings banks offer workshops on how to manage a budget, a loan and the relationship with the bank under the heading of *Finances et Pédagogie*. This offer is, of course, also accessible to clients not seeking microloans. Moreover, these kinds of workshops are also held at schools, companies and NGOs so as to educate a broad range of people in need of financial know-how.

In order to make the quality and quantity of CR engagement more transparent to investors, a rating agency called Vigeo, which specialises in evaluating social and environmental performance, was founded in 2002. The idea was to create a truly independent and inquisitive rating agency that could provide reliable data to socially conscious investors. In addition to analysing questionnaires and corporate reports, the most common basis for SRI decisions, Vigeo also gathers data from different stakeholders (e.g., unions and NGOs) in order to identify potentially relevant critical issues. The core of Vigeo's activities is an evaluation of CR using 38 criteria based on internationally legitimised norms, such as declarations and conventions by the United Nations, the OECD, the EU and the International Labour Organization (ILO). Vigeo provides analysis of companies from all industries.

Vigeo has a history of collaborating with the government, mainly as an unpaid consultant. For example, when the questions came up about whether France should make social and environmental reporting obligatory and about which kind of indicators would be appropriate, Vigeo's expertise was asked for. In another instance, Vigeo contributed its know-how to the development of a research project aimed at generating information for a new law. The problem to be addressed was how to integrate older workers into companies in an appropriate fashion.

As this and some of the cases discussed in the following section show, the French government is in the habit of collaborating with companies and organisations that develop innovative solutions to societal problems and of using them to help brainstorm about the content of new regulations and laws.

---

171 www.vigeo.com. Fouad Benseddik, Director of Methodology and Institutional Relationships and one of the founders of Vigeo, and Antoine Begasse, Project Manager in the Methods and Institutional Relationships Department, were interviewed for this case study.
5.2 Illustrative examples of sector-specific initiatives

The fact that all three case studies presented in this section predate the Grenelle de l’Environnement indicates just how deeply rooted the ideas of CR and sustainability are in France. In the first example, the southwestern city of Lyon has used its “Lyon—ville équitable et durable” (“Lyon, a fair and sustainable city”) initiative to focus its sourcing strategy on fairly traded, organic and locally grown products, thereby becoming a precursor for other public and private institutions in the region. The case is a good example of how a local initiative can bring actors from different sectors together in developing innovative and locally adapted solutions that reflect the French notion of territoire. The second case addresses the need for more environmentally friendly housing, which the Grenelle de l’Environnement identified as a policy goal. The case illustrates how the association Effinergie was strengthened by the Grenelle de l’Environnement in its work on developing and disseminating certifications for low-energy housing. Finally, France Active is an association that helps unemployed and disadvantaged people obtain financing for an entrepreneurial activity by providing loan guarantees. Having existed for almost 25 years, this is the oldest initiative described in this section. The case demonstrates how an innovative idea can be disseminated to all French départements by creating effective partnerships between local actors.

5.2.1 Ethical sourcing: Lyon—ville équitable et durable (WRT)

The city of Lyon’s commitment to responsible consumption began with the founding of its delegation for sustainable development and social economy in 2001.172 The city joined an initiative of the Fair Trade Association to become one of 500 European municipalities engaged in this endeavour. In collaboration with Max Havelaar France, the country’s fair trade association, Lyon started systematically buying fair trade products, such as coffee and fruit juice, to be served at official functions and in the cafeterias of municipal buildings. In order to do so, changes to public tenders and supplier contracts were necessary. The objective of this collaboration with Max Havelaar was to increase the share of fair trade products in retail and wholesale by increasing public consumption of those products and by sending a signal to other consumers.

In order to ensure the support of the city’s employees, the delegation started organising regular breakfasts at which employees could learn about the concept behind fair trade and test some fair trade products. Before long, the city extended the promotion of fair and sustainable purchasing practices

172 Délégation au développement durable et à l’économie sociale et solidaire. Sophie Choplain, Chargée de mission économie sociale et solidaire, was interviewed for this case study.
Illustrative examples of sector-specific initiatives
to other public institutions, most notably to schools and kindergartens that serve daily lunches. The focus has been broadened over the years by also including organically grown and locally sourced products in public purchasing. For its engagement, Lyon received an award in 2008 that recognised it as the French city investing the most in fair trade.

The person driving this initiative was Guylaine Gouzou-Testud, who was responsible for sustainable development in the city (C.B. 2011). Under her guidance, Lyon developed its mission for a social economy based on solidarity\textsuperscript{173} as well as its main projects aimed at fostering responsible consumption in the region. The mission entails four areas of engagement: (1) financial and technical assistance for projects; (2) mass-communication campaigns; (3) the development and revision of responsible purchasing practices; and (4) fostering a culture of responsible consumption in Lyon and representing the city in national networks.

The city is currently working on three large projects that expand the original idea of public procurement and extend it beyond the retail sector. These projects are: the fair trade label Lyon ville équitable et durable, a Territoire de commerce équitable (“Territory for Free Trade”) campaign and a call for projects on responsible consumption.

The most visible project is the label Lyon ville équitable et durable. The aim of this project is to identify, recognise, assist and publicise organisations and businesses that work in accordance with the concept of a fair and sustainable city. In February 2012, 130 organisations held the label, which can be used for three consecutive years before a re-evaluation is required. A broad range of businesses participate in the label project, including restaurants and companies in fashion, cosmetics, finance, tourism, transport-consulting and printing. Companies in and around Lyon can apply to use the label.

These companies are evaluated based on five criteria: governance, environment, citizenship, innovation and capacity to influence responsible consumption. An organisation awarded the label ideally has a transparent, democratic governance structure and manages its employees and partnerships in an ethical manner. It has an environmental-management system in place that allows for decreases in resource consumption and transportation. In terms of citizenship, the organisation reports to employees and clients, participates in environmental initiatives and is accessible to the local population and all kinds of clients. The organisation will also innovate with a positive social and environmental impact and engage in responsible purchasing practices in a way that has positive effects on local businesses.

The second project, the campaign for Territoire de commerce équitable, has received a lot of recognition in the media. Five activities are linked to this campaign. Firstly, Lyon voted to buy fair trade products. Secondly, it helps lo-

\textsuperscript{173} Mission économie sociale et solidaire.
Promoting responsible consumption

Regional fair trade

Low-income households

Future plans

cal shops and restaurants develop and sell fairly traded products. Thirdly, Lyon encourages major enterprises and organisations in the region to privilege fair trade products in their purchasing. Fourthly, Lyon communicates its achievements so as to sensitize the public to the idea behind fair trade. Finally, local councils for fair trade have been established to serve as platforms for exchanging ideas related to the campaign. The campaign has received a number of prizes. In November 2009, it was honoured for sensitising regional companies to fair trade issues, and Max Havelaar bestowed awards on it in December 2010 and November 2011 for encouraging fair public-purchasing practices.

Lyon’s third project is a call for projects that: promote responsible consumption to a large audience; create, revise and disseminate learning tools on the subject; or develop responsible purchasing practices in regional welfare organisations. The first call for projects was made in 2010, and eight projects were selected based on their ability to make a particular contribution to the community. In 2011, the call had to be cancelled after the death of its organiser, Guylaine Gouzou-Testud, but the process was repeated in early 2012 with some initial results.

For example, one project proposal calls for introducing the concept of fair trade to local farmers and, in particular, to dairy farmers, who find it difficult to make business ends meet, given the slim margins they earn when selling to large retailers. The proposal also calls for having farmers directly market their products on parking places in the city, thereby allowing consumers to benefit from fresh products and the farmers from fair prices.

Another idea under consideration is to develop entrepreneurial activities for organisations providing food to low-income households. Since these nonprofits have only been funded by public means, their budgets have tended to stagnate or get cut in times of economic crisis. The proposal calls for allowing these organisations to sell groceries to local residents and to use their profits to co-finance their charitable activities and thereby become more independent from public subsidies.

In sum, the city of Lyon has developed an array of activities promoting responsible consumption in public and private institutions in the retail and wholesale sector and beyond. This engagement has received a lot of public attention and awards. Lyon has made a large contribution to this, for example, by organising the *Quinzaine du commerce equitable*, which involves two weeks of activities related to fair trade held in cities all over France. Lyon is committed to continuing and improving its engagement. It currently has a project aimed at implementing the ISO 26000 guideline on social responsibility throughout its organisation. With its commitment to fostering ethical purchasing practices and disseminating this idea, the city has been setting an example for other communities not only in France, but also internationally.
5.2.2 Certifying low-energy housing: Effinergie (construction)

Effinergie\textsuperscript{174} was founded as an association in 2006 with the aim of developing certification standards for low-energy housing. Before Effinergie was founded, a few associations and regions had developed projects in the field, but the activities were on a small scale and regionally isolated. Compared to other European countries, France lagged behind in terms of designing and building low-energy housing. Eventually, 10 organisations\textsuperscript{175} came together to found Effinergie. Over the years, the number of Effinergie members has grown considerably. Today, all main regions of France, nine local associations, 30 organisations (including business associations and ones in the fields of research and technology) and 18 companies are members of Effinergie.\textsuperscript{176}

The aim behind creating Effinergie was to bundle the existing know-how and develop a French standard. For this purpose, an expert working group was organised in the field of low-energy housing, and it published what was the first standard for the energy performance of new buildings in 2007. With this standard, new housing projects can be certificated as having low-energy houses. A house qualifies as being “low-energy” if it annually consumes no more than 50 kWh of energy per square meter for heating, cooling, ventilation, warm water and light. However, this value may be higher if the building is situated in a colder climatic zone, such as in the Alps. Four certification organisations conduct the actual analysis and project certification.\textsuperscript{177} Effinergie’s role is therefore not to certify but, rather, to develop and promote the standard.

In general, low energy buildings are regular buildings that use energy-efficient products and design. Usually, constructing such buildings is more costly. However, for companies and private investors the higher investment pays off as low energy buildings are easier to sell and rent out due to their superior quality and the anticipation of stricter regulations in the near future. In order to facilitate more constructions of this type, public bodies such as the French départements are looking into potential partnerships with the Agence de l’Environnement et de la Maîtrise de l’Energie in order to compensate for the additional expenses.

Effinergie developed a second standard for certifying the energy performance of renovations, which was published in 2009. This standard sets a goal of a maximum annual consumption of 80 kWh per square meter, a value that

\textsuperscript{174} www.effinergie.org. Sébastien Lefevre, Chargé de mission pour les renseignements sur l’Observatoire BBC et les Formations Reconnues Effinergie, was interviewed for this case study.

\textsuperscript{175} Among them were three regions (Alsace, Franche-Comté and Languedoc-Roussillon), two banks (Banque Populaire and Caisse des Dépôts et Consignations) and five associations and research institutes.

\textsuperscript{176} A member list can be found on Effinergie’s website: www.effinergie.org/index.php/presentation/adherents.

\textsuperscript{177} These are the professional certification companies Certivéa and Cequami and the associations Cerqual and Promotelec.
is adjusted according to climate zone, as is done with the first standard (for new houses).

In addition to formulating standards, Effinergie also plays a role in educating professionals in the construction sector by evaluating the content of training courses in its area of expertise. For example, Effinergie has recognised two professionals programs for engineers as well as two bachelor’s degree programs especially focused on the construction of low-energy buildings, which are offered by the universities École des Mines d’Alès and the IUT de Marne la Vallée. Effinergie also recognises training sessions that experienced professionals can attend so as to deepen their understanding of this field and get acquainted with the new requirements.

Activities in the field of low-energy housing were boosted by the Grenelle de l’Environnement. It allowed even more bundling of national activities, which has significantly altered the dynamics in the building sector. Results are visible in the two laws developed by the Grenelle, both of which address the subject of energy consumption in the building sector in detail. In this context, it was a particular success for Effinergie that its standard for new buildings was used as a blueprint for the regulation on how to certify buildings with high energy performance (Ministère de l’Emploi 2007).

In collaboration with the Agence de l’Environnement et de la Maîtrise de l’Energie, a public agency in the field of environmental protection and energy management, Effinergie created the Observatoire BBC, which aims to disseminate information on low-energy buildings. Its website provides related information as well as profiles on low-energy building projects in the different French regions that share best practices and innovative ideas. In addition, it organizes public presentations throughout France.

The Observatoire BBC targets a broad audience. On the one hand, construction-industry professionals, such as architects and structural engineers, use the platform to exchange information on best practices and innovations. On the other hand, people who plan to build a low-energy house can approach the organisation so as to learn about their options and receive information on companies with expertise in the field. The Observatoire BBC also publishes an annual report on the dissemination of low energy housing in France that is accessible for the broad public.

A number of other new projects will be realised in the near future. Effinergie plans to publish a new label in 2012 and to develop an Observatoire BBC for renovations and new thermal regulations (known as “RT 2012”). In addition, projects for evaluating so-called “energy positive” buildings have been started.

180 www.observatoirebbc.org/site/ObservatoireBBC/BilanCertification.
The case of Effinergie illustrates how private and public initiatives can complement and enhance each other in the process of creating effective soft and hard laws. From its very beginning, public bodies have helped empower the Effinergie initiative and disseminate information regarding its certifications. However, without the engagement of professional and industry associations as well as research centres of the construction industry, there would not have been the knowledge and skills needed for developing a certification that respects regional particularities in a unified standard.

5.2.3 Social integration through entrepreneurship: France Active (financial services)

France Active (FA) is an initiative that helps potential entrepreneurs lacking sufficient securities to obtain bank loans by offering them guarantees at reasonable rates and conditions. The organisation was founded in 1988 by the public bank Caisse des Dépôts et Consignations, the NGO Fondation de France, the mutual bank Crédit Coopératif, the mutual insurance company Macif and the Agence pour la création d’entreprises (APCE). As of present, 34 financial institutions participate in FA, such as Crédit Mutuel, Banque Populaire and Caisse d’Epargne (France Active 2012).

The initial aim of FA was to help unemployed people become self-employed or launch a small enterprise. In 1995, FA created 23 departmental sections to handle direct contact with clients. This case study is based on Bretagne Active, the departmental section for the northwestern region of Brittany.

While the APCE, chambers of commerce, professional organisations (e.g., the Chambre de métiers et de l’artisanat) and a number of other institutions offer advice to would-be entrepreneurs on how to develop a business idea, analyse its market potential, plan an initial budget and write a business plan, many of these projects fail because the entrepreneur cannot find the necessary financing. This is particularly true for unemployed people lacking sufficient assets to serve as a guarantee for a bank loan. FA was created to address this problem. It offers a range of different guarantees—below market prices and at favourable conditions—for backing loans needed for entrepreneurial projects.

Unemployed people with an entrepreneurial project are likely to learn about FA and its departmental sections through an entrepreneurship adviser or a bank when applying for a loan. All French banks know about and cooperate with FA’s departmental sections. The business plan, including the prospective budget, is reviewed by the local section of FA (e.g., Bretagne Active), and if the project is sound, the entrepreneur can buy the guarantee. Depend-

181 www.franceactive.org. Annette Peutillot, Responsable entreprise solidaire et association, was interviewed for this case study.
182 National Agency for Enterprise Creation (www.apce.com).
183 Chamber for Professions and Crafts (www.artisanat.fr).
ing on the financial scope of the project, three different products are offered, with guarantees ranging in value between €10,000 and €30,000. The guarantees cover half of the loan’s value, last five years and cost two per cent of the guaranteed value. With this money, unemployed people can buy the means needed for self-employment or launch a small enterprise employing one or more persons.

FA is an example of how a partnership between for-profit, not-for-profit and public actors can effectively address a social problem. The public Caisse des Dépôts et Consignations, the related Fonds de Cohésion Sociale and the departmental Conseil Généraux provide the financing for FA’s departmental sections. This money covers the costs for a range of things, including personnel and rent. In 2010, the annual budget reached €180 million. Out of that, local authorities provided 30 per cent, the Caisse des Dépôts et Consignations 22 per cent and the federal government 19 per cent. 14 per cent came from the European Social Fund, while 15 per cent were provided by private partners, such as companies (France Active 2012).

The guarantees themselves are self-financed, which is possible because most of the selected entrepreneurs are able to pay for their loans and because the remaining risk is reinsured. The loans are mainly provided by banks and, in some cases, partly through public subsidies. Entrepreneurs receiving FA guarantees get the same type of loans from banks as entrepreneurs who can provide their own guarantees.

From its initial focus on unemployed persons, FA has considerably expanded its target group. Today, people in precarious working situations (e.g., short-term employment), women returning to work after maternity leaves and employed women pursuing entrepreneurial opportunities can also apply for FA guarantees. Loan guarantees are also not solely available for starting up a business, but can also be used for obtaining financing for developing or re-starting a business. Another recipient of loan guarantees are collectives that want to create or develop an “entreprise solidaire”, a term used for a specific type of social enterprise.184

Public and private actors benefit equally from this collaboration. The banks can provide more loans to their clients, and local governments benefit from a reduction in expenses related to unemployment and the poor integration of vulnerable social groups. Between 1988 and 2010, FA helped finance 5,890 entrepreneurial projects of the types described above, thereby creating or safeguarding 8,809 jobs and facilitating loans with a total value of €141.9 million

184 According to French labour law, entreprises solidaires are businesses or associations that aim at employing and integrating people who cannot find regular employment. In particular, persons with disabilities benefit from this type of employment. For establishing and developing an entreprise solidaire, guarantees covering up to €250,000 are available. For some types of guarantees and the related loans, the project has to be approved by the local public administration since the loans are partly financed through public means.
Likewise, during that same period of time, FA financed 884 entreprises solidaires of various types, which together involved 19,147 jobs and €41.7 million in financing (ibid).

To summarise, the three case studies discussed above exemplify how public and private actors have been collaborating in France to address specific environmental and social challenges. All three initiatives have in common the fact that their members aim to be as inclusive as possible: Effinergie and FA operate all over France, whereas the city of Lyon has made an effort over time to include more and more diverse actors in its effort to promote responsible consumption. The three cases are fairly typical for French CR initiatives in that they create a level playing field, value local know-how and draw on shared learning (see below for more details).

5.3 Comment

As this chapter demonstrates, the chemical, construction, WRT, ICT and financial services sectors are facing mainly industry-specific CR challenges. However, some similarities can be found in the ways they choose to cope with these challenges. In particular, three tendencies were observed in the analysis of French CR initiatives.

Firstly, CR initiatives often try to establish a level playing field, for example, by developing standards in accordance with international law, joining international initiatives or disseminating national initiatives in all départements of France. In many initiatives, major actors from industry, government and civil society collaborate, which effectively gives soft laws—such as certifications, codes of conduct and other voluntary commitments\(^\text{185}\)—a prescriptive character since no one wants to disappoint the main industry associations, a ministry or a large NGO. A nationwide approach has the advantage of not requiring any actor to pay the learning costs related to becoming a first (or second) mover. In addition, companies that do not join a broadly supported initiative can more easily be criticised for not meeting societal expectations, which can be an effective social sanction.

The second tendency is that CR initiatives are often organised locally rather than by industry. Many towns, regions and departments organise business networks around CR and sustainable-development issues. The idea is that, on the one hand, more synergies can be created among actors that differ regarding their characteristics and expertise and that this will lead to more innovative projects and more effective collaborations. On the other hand, locally fo-

\(^{185}\) France Active is a good example since, according to Annette Peutillot, who was interviewed for the case study, no French banks decline its guarantees.
cused initiatives mirror the idea of *territoire*, which holds that specific regions have traditionally rooted capabilities and knowledge that are not shared on a national level. In order to revitalise this traditional know-how, local approaches are needed.

The third tendency is that public and private actors engage in a frequent exchange, which leads to the development of laws and regulations fostering CR and sustainable development. It is not unusual to have the idea for a new regulation come from a company or NGO that has already successfully experimented with implementing an innovative idea. Representatives from ministries are likely to contact such first movers when their idea becomes widely known (e.g., through media reports) in order to learn in detail what was done and how as well as which opportunities and barriers are related to the idea. If it is considered valuable and scalable, regulations and laws will be developed that create a framework encouraging more projects of this kind.

To summarise, although there are also company-centred CR activities, CR is often implemented in France as part of a collaboration between private and public actors. Many CR initiatives will try to find a structure that can make allowances for regional differences without compromising the common objective of the initiative so as to provide a level playing field for the companies involved. Although public institutions play a role in many CR initiatives, their role is less dominant than one might expect given the fact that France is a centrally organised country. Limiting their involvement may be necessary in order to emphasise and preserve the voluntary character of CR initiatives, particularly since the French government already has such a strong influence on business.

**References**


Sector-specific Corporate Responsibility in France


6. Sector-specific Corporate Responsibility in Germany

Thomas Hajduk and Thomas Beschorner

Summary

Germany is one of the world’s leading exporters and benefits from a healthy economy despite the economic and financial crisis. It is also the origin of the so-called “social market economy”. In light of this tradition and its strong economy, which boasts many leading companies, the country has been criticised for not doing enough regarding explicit corporate responsibility (CR). This has changed with the government’s recent publication of an “action plan” and subsequent initiatives to support CR. However, the government’s new CR approach does not take sector-specific corporate responsibility into account. This is a missed opportunity because, as this chapter shows, public actors have already been active supporters of various sectoral initiatives.

6.1 Corporate Responsibility in Germany

6.1.1 General CR context

In terms of CR, Germany has been perceived as a “white spot” in Europe (Habisch and Wegner 2004: 111). When the European Commission initiated discussion of CR among EU member states in 2001, Germany, one of the most important of these given its economic and political strength, seemed to stand on the sidelines. It is often argued that the country is an example of “implicit” CR (Matten and Moon 2008), which means that CR is already embedded in the country’s institutions.

Indeed, Germany is home of the so-called “social market economy”. The aim of this postwar economic idea was to reconcile free market capitalism with the country’s long-standing tradition of public and private welfare. The social market economy is still present today and referred to by many different interest groups—be they trade unions, employer organisations, churches,
NGOs or politicians—as the socioeconomic role model in Germany. Although there are serious doubts regarding whether it can guarantee social equality, about two-thirds of Germans believe that it is the best economic system for Germany and that its success has made a key contribution to the country’s current prosperity (Infratest dimap 2012).

Given its wide use across factions, the contemporary meaning of the term “social market economy” is at least ambiguous. However, there are some features of the economic system in Germany that are often associated with this concept: a high density of labour regulation, a dual-track educational system, workers’ codetermination on corporate boards and social dialogue between employers and employee representatives (Anatal et al. 2009: 288–289).

Whereas the social market economy is limited to the socioeconomic sphere, environmentalism also has a strong tradition in Germany. In the 1970s, environmental concerns rose in prominence and triggered regulations. Hallmarks of this development were the environmental-protection legislation of 1974 and the creation of the Umweltbundesamt (UBA),186 the first of its kind in Europe, that same year. In the 1970s, when environmental awareness grew in many countries (Radkau 2011), initial attempts at environmental disclosure and reporting (i.e., “eco-accounting”) were also made.

However, it has only been in recent years that the government has approached CR in a more strategic manner (see overview in Trautner 2012). In September 2006, the Rat für Nachhaltige Entwicklung (RNE),187 an independent and respected advisory body to the German government, issued recommendations on how to develop a German CR profile (RNE 2006). At the beginning of 2009, the government launched the National Forum on CSR. Reflecting Germany’s corporatist tradition (Trautner 2012: 754), it consists of 44 representatives drawn from industry, trade unions, NGOs, academia and government. The group’s mandate is to elaborate a common understanding of CR in Germany and to make recommendations for government action.

The government acted upon the CSR Forum’s recommendation by drafting a “National Strategy for CSR”, which was published in October 2010. In this context, CR is seen as “responsible business practices in the respective companies’ actual core business” and “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” (Bundesregierung 2010: 2). It is thus in line with the first definition of the European Commission (EC 2001) and stresses that CR is “voluntary but not arbitrary” (Bundesregierung 2010: 3).

186 Federal Environment Agency (www.umweltbundesamt.de).
187 German Council for Sustainable Development (www.nachhaltigkeitsrat.de).
The “action plan”, as the strategy is also known, contains five strategic aims. The government wants to (ibid.: 6):

1. anchor CR more firmly in enterprises and public bodies;
2. win over more small and medium-sized enterprises (SMEs) to CR;
3. increase the visibility and credibility of CR;
4. optimise the political framework for CR; and
5. make a contribution towards shaping the social and environmental dimensions of globalisation.

The action plan proposes nearly 50 initiatives through which different government will support these aims. The Bundesministerium für Arbeit und Soziales (BMAS)\(^{188}\) is responsible for implementing the plan and works together with 12 other federal bodies.\(^ {189}\) To increase public recognition of responsible business, the BMAS will launch a “CSR Award” in 2012. The BMAS is also responsible for one of the largest CR programmes for SMEs, which provides guidance and coaching.\(^ {190}\) This initiative has a budget of €35 million over a three year period and testifies to how important SMEs—or the famed Mittelstand—are to the German concept of CR. The country’s exporting tradition is likewise important, as reflected by the government’s slogan “CSR—Made in Germany” (BMAS 2012).

Apart from the action plan, there are other public initiatives that will shape the future of CR in Germany. One of them is the “National Engagement Strategy”, which, among other things, seeks to encourage corporate citizenship and improve cooperation between companies and civil society. Another step was made in 2011, when the RNE launched the German Sustainability Code. The code encompasses 20 criteria with up to two key performance indicators (RNE 2012). It is based on internationally recognised standards, such as the OECD Guidelines for Multinational Enterprises, the Global Reporting Initiative’s Sustainability Reporting Framework and the ISO 26000 guidance. The government supports the voluntary code and encourages businesses to adopt its recommendations.

All in all, the action plan, the engagement strategy and the sustainability code have brought explicit CR onto Germany’s political and societal agendas. Of course, the government did not bring about this process by itself but, rather, did so through dialogue and cooperation with other groups. To name but a few drivers, the CR networks Econsense\(^ {191}\) and UPJ\(^ {192}\) have been active proponents of a more explicit understanding of CR. As for civil society, actors

\(^{188}\) Federal Ministry of Labour and Social Affairs (www.bmas.de).

\(^{189}\) An overview of all initiatives and the responsible federal bodies, as well as news regarding their implementation, can be found online at: www.csr-in-deutschland.de/csr-in-deutschland/aktivitaeten-der-bundesregierung.html.


\(^{191}\) Forum Nachhaltige Entwicklung der Deutschen Wirtschaft (www.econsense.de).

\(^{192}\) Bundesinitiative “Unternehmen: Partner der Jugend” (www.upj.de).
such as the NGO network CorA\textsuperscript{193} and the Bertelsmann Stiftung\textsuperscript{194} think
tank have moved the debate forward.\textsuperscript{195}

This new, formalised approach may help to close the perceived CR policy
gap between Germany and other European countries, such as Denmark,
France and the United Kingdom. One must point out, however, that Germa-
ny’s explicit approach to CR does not include any references to specific indus-
trial sectors. This is noteworthy because the country’s export prowess is based
on a few key industries, particularly ones in manufacturing. Furthermore,
public actors are already familiar with various sector-specific initiatives, as
can be seen in the following chapters.

6.1.2 Sector-specific corporate responsibility in five industry sectors

6.1.2.1 Chemicals and chemical products
The chemical sector has traditionally been one of Germany’s key industries.
According to the Verband der Chemischen Industrie (VCI),\textsuperscript{196} Germany is the
world’s largest exporter of chemicals. In 2007, the sector’s share of Gross
Value Added (GVA) was about 2.4 per cent (OECD 2010: 275), and it employed
414,766 people in 2010 (VCI 2011: 50), or about 1 per cent of the total work-
force. There were 3,857 companies, of which 92.1 per cent employed fewer
than 250 people (ibid.: 48) and can be considered SMEs in line with the EU
definition.

Responsibility in the sector is driven by international standards, regula-
tions and the social dialogue between employers and employees. As for the
industry’s leading international standard, the VCI introduced Responsible
Care—the global chemical-industry initiative—in Germany in 1991.\textsuperscript{197} Since
then, various initiatives have been launched under the umbrella of Responsible
Care. For instance, chemicals companies have helped authorities in North
Rhine-Westphalia rehabilitate contaminated industrial areas.\textsuperscript{198}

Regulation is also an important driver of CR in the sector. It can be ob-
served that many forms of voluntary disclosure by chemical companies have
become binding reporting duties over time. The European Union’s REACH
regulation is a prime example of how companies are required to report on the
production, storage and use of chemical products. The UBA offers informa-
tion on how REACH can be implemented and holds regular workshops to deal
with practical problems. “REACH in Practice”, as this project is called, ad-

\textsuperscript{193} Corporate Accountability, Netzwerk für Unternehmensverantwortung (www.cora-netz.de).
\textsuperscript{194} The Bertelsmann Stiftung has a dedicated CSR programme (www.bertelsmann-stiftung.de/csr).
\textsuperscript{195} For more organisations that have a stake in the development of the CR concept, consult the
\textsuperscript{196} German Chemical Industry Association (www.vci.de).
\textsuperscript{197} www.responsible-care.de.
\textsuperscript{198} www.responsible-care.de/default2.asp?rub=952&tma=0&cmd=shd&docnr=120183&nd=&ond
=_pv&snd=&shmode.
Corporate Responsibility in Germany

dresses both companies affected by the regulation and public agencies that
monitor its implementation.199

There are also soft-law initiatives, such as *Umweltpakt Bayern*.200 The com-
pact is a voluntary partnership that was concluded in 1995 between the Bavarian
government and the state’s business community, as represented by trade
associations and chambers of industry and commerce (StMUG 2010). One of
its tenets is that all companies that join the compact commit themselves to
introducing or continuing to use a corporate environmental management sys-
tem at the plant level, such as the Eco-Management and Audit Scheme (EMAS)
or the ISO 14001 family of standards. In return, such companies can expect
to undergo fewer inspections by the authorities and face fewer administrative
burdens. Although the compact is open to all sectors, one of its various working
groups focuses on chemicals-substance policy, and some of its projects
have been carried out by chemicals companies.

Finally, the chemicals industry in Germany is influenced by social dia-
logue. The employer organisation BAVC201 and the trade union IGBCE202
launched an exchange of ideas, the so-called “Wittenberg Process”, in order
to promote responsible business in the context of the social market economy
(Kokott and Westphal 2011). The dialogue is moderated by the Wittenberg
Center for Global Ethics and aims to increase the acceptance of the social
market economy as well as strengthen social dialogue within the chemicals
industry. It is based on a common code that both partners endorsed in 2008,
and it sets sector-wide “guidelines for responsible action in the social market
economy”.203 To facilitate this dialogue, the BAVC and IGBCE hold workshops
and colloquia on a regular basis, continue the dialogue in the companies and
inform the public about their activities.

The social partnership between the BAVC and IGBCE is not limited to the
principles-based Wittenberg Process. They have also concluded “social-part-
nership agreements” that deal with issues such as the adjustments of pension
systems to demographic change, the consumption of alcohol and drugs in the
workplace, and vocational training.

6.1.2.2 Construction

The construction sector’s revenues were about €81.9 billion in 2010,204 and its
GVA share was 3.7 per cent in 2011.205 Sector companies, 99.7 per cent of

199 www.reach-info.de.
200 Bayerian Environmental Compact (www.stmug.bayern.de/umwelt/wirtschaft/umweltpakt/
index.htm).
201 Bundesarbeitzgeberverband Chemie (www.bavc.de).
202 Industriegewerkschaft Bergbau, Chemie, Energie (www.igbce.de).
which had fewer than 200 employees,206 employed some 716,000 people,207 or about 1.7 per cent of Germany’s total labour force. Almost one-tenth of Germany’s GDP is spent on construction.208 The sector’s environmental impact makes it highly relevant in terms of its CR. Climate change, in particular, is seen as a key challenge that can be addressed by construction companies through energy-saving measures and by installing renewable-energy facilities. In fact, the trade association Die Deutsche Bauindustrie209 embraces this new market and highlights the industry’s potential solutions.210

The industry’s engagement regarding climate change was preceded by government action on sustainable building. In 1995, it became mandatory for the German construction industry to issue an “energy efficiency certificate” (Energieausweis) for every new residential building. This certificate allows buyers and tenants to easily estimate future energy costs, especially those for heating, and to use this knowledge in selecting the most energy-efficient buildings. In 2008 and 2009, this law was extended to existing buildings and buildings used for purposes other than housing. Since then, owners, landlords and sellers of a building have to provide an energy efficiency certificate if asked to do so by prospective buyers or tenants.211

This mandatory initiative is complemented by voluntary ones. For instance, the federal ministries for building and the environment, the BM-BVS212 and the BMU,213 respectively, as well as the Institut Bauen und Umwelt (IBU),214 work on so-called “environmental product declarations”. These declarations are based on ISO norms and provide data for assessing the sustainability of buildings. Another example resulted from a partnership between the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB)215 and the BMBVS. They created a certification mechanism for the assessment and planning of sustainable buildings. The DGNB certificate goes far beyond the energy efficiency certificate and considers environmental, economic, sociocultural, technical, procedural and site-related aspects over the whole lifetime of the building (DGNB 2011: 19–21). For each aspect, there are various criteria that are weighed according to the occupancy profile of the building.

Whereas environmental aspects of building are addressed by several initiatives, there are only a few that deal with social and governance concerns, such

206 www.bauindustrie.de/zahlen-fakten/statistik/struktur/betriebsstruktur/.
207 www.bauindustrie.de/zahlen-fakten/statistik/arbeitsmarkt/beschäftigte/.
210 www.bauenschutzklima.de.
212 Bundesministerium für Verkehr, Bau und Stadtentwicklung (www.bmvbs.de).
213 Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit (www.bmu.de).
214 Institute Construction and Environment (www.bau-umwelt.de).
215 German Sustainability Building Council (www.dgnb.de).
as illegal employment or bribery. In 2005, a working group including BMBVS officials as well as representatives from Germany’s 16 federal states (Länder), municipalities and the construction trade associations developed a prequalification certificate (BMVBS 2011). Construction companies usually have to submit numerous qualifications when competing for a public tender. The prequalification certificate is meant to replace these qualifications with a single, recognised qualification, and prequalified companies are also listed on a website. The certificate asks companies to document certain capabilities and standards, such as the payment of minimum wages, and to prove that they have not been listed in the bribery registry of the federal states (Landeskorrupptionsregister).

An ethical management system for the sector, the EMB-Wertemanagement Bau, was to be established nationwide in 2007216 after a regional version had been used by the Bavarian Construction Association since 1996.217 The system was abandoned on the national level, but it remains operational in Bavaria. Social and governance aspects, it seems, will remain a challenge for the construction sector.

### 6.1.2.3 Wholesale and retail trade

The wholesale and retail trade (WRT) sector is one of Germany’s largest industrial sectors in terms of revenues and employees. According to the Handelsverband Deutschland (HDE),218 the retail sector grossed €414 billion in revenues and employed almost 3 million people, or 7.3 per cent of the labour force, in 2011 (HDE 2012). In 2008, the sector’s GVA share was about 10.3 per cent (OECD 2010: 275).219

CR in the sector is driven by three groups: government, business and consumers. The government has been active for several decades. With respect to the importance of consumers and food scandals in the past, the government employs awareness-raising initiatives aimed at transparency and consumer education. One of its most prominent achievements was the introduction of the world’s first eco-label in 1978. Since then, the Blauer Engel (“Blue Angel”) label220 has developed into one of the best-known labels and served as model for other eco-labels, including the EU Ecolabel.221

The 1964 establishment of a foundation on product tests gives an early example of transparent and unbiased consumer information. The Stiftung Warentest222 is basically an independent test magazine that reviews products.

---

216 See Stahl 2010. The fact that no other information on this initiative than this radio website article is available points towards its silent demise.
218 German Retail Association (www.einzelhandel.de).
219 This figure also includes repair of motor vehicles and household goods.
220 www.blauer-engel.de.
221 www.ec.europa.eu/environment/ecolabel/.
222 www.test.de.
and services of all sorts. Since it is partly government-funded (about 14 per cent of its budget), it has to abstain from advertising revenues, but this also makes it free to be very critical. Its reviews are popular and highly trusted among consumers. This has prompted companies that are dissatisfied with receiving poor grades for their products and services to regularly sue the organisation, but it has yet to be convicted of publishing unfair or improper reviews. In 2005, Stiftung Warentest started to rate the responsibility of producers in special tests. These tests are not general CR ratings but, rather, are linked to specific products (e.g., jeans, coffee, TV sets).

Another example of an awareness-raising initiative is the website www.liebensmitteklarheit.de (“food clarity”), which gives consumers a public forum in which to complain about misleading packaging and product information in addition to offering producers an opportunity to respond. It is operated by the Verbraucherzentrale Bundesverband (vzbv) and funded by the Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz (BMELV).

Germany’s government also serves as a role model by procuring goods that have been made according to social, environmental and labour standards. The Procurement Law allows environmental and social factors to be taken into consideration in public procurement. There are also an administrative regulation for the procurement of energy-efficient products and services (2008) and a common decree of four ministries to procure sustainable wood (2010). Apart from the federal level, most sustainable procurement takes place on the level of the federal states and municipalities. In 2010, the government of North Rhine-Westphalia, Germany’s most populous state, issued a decree that it would shun the public procurement of products manufactured through the worst forms of child labour (MBI.NRW 2010). The decree refers to ILO Convention 182, applies to eight product groups and is binding for all state procurers. In addition, many municipalities are committed to sustainable procurement. For example, of the over 1,105 “Fair Trade Towns” in 24 countries, 76 are in Germany.

Anecdotal evidence shows that large retailers cannot afford to abstain from CR. Even popular discounter chains are selling a small proportion of products that are certified organic or fair trade as well as joining supply-chain initia-

---

223 An overview of all CR tests can be found online at: www.test.de/Unternehmensverantwortung-Sozial-und-oekologisch-produzieren-1313426-2313426/.
224 Federation of German Consumer Organisations (www.vzbv.de).
227 Agricultural products, pencils and rubbers, leather products, natural stone, toys, sporting goods, rugs and textiles.
228 As of April 2, 2012 (www.fairtradetowns.org/about/).
tives, such as the Business Social Compliance Initiative (BSCI). In a recent case, a clothing discounter notorious for its poor labour standards attracted much attention when it hired a high-profile CR manager (enorm 2010).

Nevertheless, CR is an important topic for a sector that serves consumers who are also increasingly aware of sustainable consumption. For example, according to one survey, the vast majority of Germans (84 per cent) consider a product’s impact on the environment “rather important” or “very important” (Eurobarometer 2009: 49). The HDE therefore welcomes corporate responsibility and highlights the good practice examples of large retailers (HDE 2010). In doing so, the organisation identified five responsibility topics: responsible product policy and sustainable consumption, labour standards, international supply chains, environmental management systems and efficient logistics, and corporate citizenship (HDE 2009).

Apart from the CR initiatives of individual companies, there are collective approaches that rely on the cooperation of several companies in the sector. The AVE Sektorenmodell is a prime example of how leading companies can work together for a responsible supply chain by developing a code of conduct and a monitoring system (see Section 2.2). The Gesamtverband textile+mode also created a sector-wide code of conduct (textile+mode 2011) in 2010. It is modelled on the 10 principles of the U.N. Global Compact in addition to covering health and safety and restrictive business practices. The code is aimed at SMEs (including non-members) that do not have the ability to develop their own codes, and it encourages them to use the text as a template instead.

6.1.2.4 Information and communication technologies
In 2010, the information and communication technologies (ICT) sector (including consumer electronics) sold goods and services worth about €147.8 billion (BITKOM 2012) and employed about 847,700 people, or about 2 per cent of the total workforce (BITKOM 2011). The industry accounted for approximately 3.8 per cent of GVA in 2011. In 2010, the largest subsector by revenue was telecommunications, which accounted for about 45 per cent of sales, whereas seven out of 10 employees worked in IT, primarily in software and services.

Although IT services makes up a large proportion of the ICT sector, telecommunications is closer to consumers and thus more visible in terms of CR. The latter is still mainly dominated by one company, Deutsche Telekom AG. The former state monopolist was privatised in 1995 and still commands a 46 per cent share of the sector’s revenues in Germany (Bundesnetzagentur 2011: 24), although this share has been continuously declining since 1998. As a

consequence, the responsibility of the sector is largely driven by Deutsche Telekom and its large competitors, such as Telefónica or Vodafone.

Deutsche Telekom has been engaged in CR reporting since 1996 and deals with the topics that are relevant for the global telecommunications sector, including product safety and health, the digital divide, climate change and sustainable product design. It is also one of 30 signatories of the “ICT Principles”, a Europe-wide sector commitment for the improved online safety of children.232 This coalition of telecoms, hardware manufacturers and content providers was founded in December 2011 and aims at improving tools, privacy settings and parental controls as well as takedown of child abuse material.

Apart from the CR agenda of individual companies, there are also collective initiatives to build a green ICT infrastructure. The Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (BITKOM),233 for example, started the Green IT Alliance in 2008.234 The partnership of 35 experts drawn from the business and research communities aims to foster dialogue between producers and users of green ICT as well as to identify potential ways of tackling climate change by means of technology. In addition, Green IT is one aspect of the procurement-related initiative ITK-Beschaffung.de (see Section 2.1).

BITKOM also partners with the BMU and the UBA. Since 2007, they have jointly hosted the annual conference “Green IT”, which is meant to raise awareness about recent developments in eco-friendly ICT, such as the potential of smart cities.235 In another collaborative arrangement, BITKOM founded a consultancy office that mediates between pilot projects implementing green ICT solutions and public funding schemes offered by the UBA, the BMU and the KfW Group, the development bank of Germany’s federal and state governments.236

6.1.2.5 Financial services

The financial services sector (including insurance) employed just over 1.2 million people in 2010, or about 3 per cent of the work force.237 In the same year, it contributed €117.9 billion to GVA, or roughly 5 per cent of the German total.238

Germany hosts one of the largest banking sectors in Europe (by total assets), among them two global banks (Deutsche Bank and Commerzbank). Financial services are offered by three types of institutions: private banks,

233 Federal Association for Information Technology, Telecommunications and New Media (www.bitkom.org).
236 www.green-it-beratungsburo.de/content/green-it-beratungsburo.
public banks (i.e., savings banks and the partly state-owned Landesbanken) and cooperative banks. Whereas private banks are profit-seeking ventures, public banks and cooperatives may pursue non-financial aims, as well. All these banks compete with each other for customers and investors.

The German financial sector was hit hard by the financial crisis. This happened despite its three-pillar-system, which is sometimes criticised for being too fragmented and consequently leading to small profits, on the one hand, and sometimes lauded for its down-to-earth banking style, on the other. It was not only Commerzbank that took a blow from the financial meltdown and had to be partly nationalised. The Landesbanken (public banks partially owned by the federal states) also suffered from the financial crisis since they had inadvertently invested in credit default swaps.

Given the substantial role the financial sector played in the financial crisis and the public debates that followed the bail-out policies in Germany, it is noteworthy that its CR is not associated with the business practices that, among other things, helped bring about the crisis. Private banks, in particular, are very committed to their corporate citizenship, but they still do not link CR to their core business, for example, in terms of customer relations and transparency (oekom 2012; Mutz 2011: 66–67). This core business includes customer and product responsibility, environmental and social minimum standards for lending, the inclusion of sustainability criteria in investment decisions, employees and fair business practices (oekom 2012: 2–3).

The same holds true for socially responsible investment (SRI). By the end of 2009, total SRI assets in Germany amounted to €12.9 billion, or 0.8 per cent of the total amount of capital in German investment companies (Eurosif 2010: 35). This is a very small proportion when compared with the Netherlands, which leads the European SRI market with €396 billion, or 33 per cent, of total assets under management (ibid.: 41). There are various funding schemes for renewable energies, low-carbon technologies and social enterprises. For example, the BMU launched a “Klima+Finanzen” week of action in 2010 that informed investors about “climate-friendly investments.” For this purpose, an exhibition on “climate and financial opportunities” was sent on a road show, stopping at banks, insurers and pension funds.

The sector’s interest in global SRI standards is also limited. The United Nations Principles for Responsible Investment (UNPRI) had 920 signatories as of July 2011. Only 17 came from Germany, while 70 were from France and 54 from the Netherlands (UNPRI 2011: 3).

On the other hand, there are also some positive signals. Savings and cooperative banks have not only survived the credit crunch without suffering

239 The government still owns a 25 per cent share in Germany’s second-largest bank.
240 www.klima-und-finanzen.de.
Public banks and CR

Sector-specific Corporate Responsibility in Germany

harm\(^\text{241}\); they have even benefitted from the frightened savers and investors who headed for them in hopes of finding safe haven for their assets.

The KfW Group provides an example of how a public bank can integrate CR into its core business.\(^\text{242}\) It committed itself to the “UNEP Statement by Financial Institutions on the Environment and Sustainable Development” in a 2003 statement in the Bundestag, Germany’s lower house of parliament. In 2008, it also signed the human rights declaration initiated by the Business & Human Rights Resource Centre and it uses environmental and social impact assessments for all project financing in developing and transition countries as well as in export and project-finance operations in countries outside the EU and the OECD.

Ethical banks are a special form of cooperatives. Such banks usually abstain from certain investments, such as those involving the manufacture of alcohol or armaments, while actively investing in social projects and renewables and providing fair interest rates on loans. The GLS Bank, founded in 1974, was the first ethical bank in Germany. Today there are two additional ethical banks: Umweltbank and Ethikbank. By being transparent about their investment criteria, the projects they have invested in and their governance, they provide an alternative to private banks. This is deemed to be the reason why ethical banks profited from the financial crisis; like the savings banks and cooperatives, they gained new customers (Meckeler 2012). However, so far, ethical banking has remained a niche market.

Last but not least, micro-lending has gained a foothold in Germany over the last decade. The BMAS works together with GLS Bank, a pioneer in microcredit services, and dozens of microfinance institutions to offer microcredits to otherwise possibly “unbankable” people in order to help them start small businesses.\(^\text{243}\)

As elsewhere in Europe, the German government intervened in the financial sector at the peak of the credit crisis. Private savings of up to €20,000 were backed, and the Sonderfonds Finanzmarktstabilisierung\(^\text{244}\) program was set up to bail out public and private banks. However, the potential of this large-scale government intervention was not used to promote CR in the sector, except for when it comes to customer and product responsibility.

Since July 2011, all German banks have had to provide transparent, written information about the products they sell (so called “information leaflets”) and to take minutes of sales talks held with private customers. However, banks have not abided by these requirements since then, as a covert research project by the

\(^{241}\) However, one should note that they did suffer losses through the Landesbanken, which are the regional heads of savings banks.

\(^{242}\) www.nachhaltigkeit.kfw.de/EN_Home/index.jsp

\(^{243}\) www.bmas.de/DE/Service/Presse/Pressemitteilungen/mikrokreditfonds.html

\(^{244}\) Special Financial Market Stabilization Fund (www.fmsa.de).
BMELV (which is responsible for consumer protection) showed. The results were discussed with representatives of the financial sector. At the same time, the BMELV gave extra funding to Stiftung Warentest. Financial products number among the things the test magazine reviews, and the annual additional funding of €1.5 million (from 2013 onwards) is meant to expand these tests.

6.2 Illustrative examples of sector-specific initiatives

In the following sections, three initiatives will illustrate how different sectors tackle their responsibility and how both business and government can engage positively in public-private collaboration. In the first example, an ICT trade association and government bodies developed soft-law guidance in order to increase the potential of public procurement for both sides. The second example shows how a business-led soft-law initiative in the retail sector created a common code of conduct and a monitoring system with the help of funding as well as operational and political support from the government. The last example is an awareness-raising initiative in the chemicals sector in which the government acts as one among various stakeholders.

6.2.1 Guidance for public procurement: ITK-Beschaffung.de (ICT)

Public procurement can be a critical lever in promoting the adoption of environmental and social standards, especially in the supply chain. The total volume of local, regional and federal public procurement in Germany accounts for about 13 per cent of GDP. However, despite the legal basis for the inclusion of environmental and social criteria in public-procurement decisions (e.g., Directives 2004/17/EC and 2004/18/EC, which allow for environmental criteria), sustainable public procurement is difficult to implement in practice. In the EU’s internal market, public tenders have to be open to all market participants and must not discriminate against some suppliers on the basis of non-economic considerations.

This also holds true for the ICT sector. In terms of its impact on sustainable development and its share of total procurement, IT and telecommunications equipment is one of the most important product groups (McKinsey 2008: 12). According to BITKOM, public expenditures on ICT equipment amount to about €17 billion annually. These products become ever more energy-efficient and can help reduce government-related carbon emissions.

---

245 www.bmelv.de/SharedDocs/Pressemitteilungen/2012/84-AI-Beipackzettel.html.
248 This and the following information is based, inter alia, on an interview with Oliver Lowin, Head of the Public Procurement and Procurement Law Division, BITKOM.
But public purchasers find it difficult to specify technical requirements given the complexity and the short product cycles in this sector. Moreover, lest there be discrimination against competitors, public tenders are not allowed to use proprietary brand names.

This problem is not limited to the demand side. Facing tenders with insufficient technical specifications, companies incur costs, for instance, when asking for additional information in what is a very formal process. It was this common pain that prompted BITKOM and the Beschaffungsamt des Bundesministeriums des Innern (BeschA) to form a partnership to tackle the problem in 2006. The Bundesamt für Informationsmanagement und Informationstechnik der Bundeswehr and the Bundesagentur für Arbeit later joined in, as well. When BITKOM decided to develop a third guide for the procurement of eco-friendly IT (see below), it invited and collaborated with the UBA owing to the latter’s expertise in green public procurement. The result is the website www.ITK-Beschaffung.de, which offers practical guides for procurement officials. So far, the guides cover product groups for desktop computers, laptops, servers and thin clients.

For each product group, there are three separate guides addressing the three aspects of public procurement: the non-proprietary performance description, environmental criteria and legal stipulations. The main advantage of the guides for non-proprietary procurement is that they offer an alternative to specifying product performance by referring to popular brand or manufacturer names. Instead, they present generally accepted technical benchmarks for evaluating ICT products. A different set of benchmarks was used for the guide on green IT procurement, including energy efficiency, life-cycle information and material characteristics.

The guides are developed in working groups hosted by BITKOM. Each group convenes participants from the public and private sectors who are usually members of the trade association that produce or sell the product in question. BITKOM acts as an intermediary, whereas the public procurers and the company representatives (often salesmen) assemble the content of the guide. The guides are adopted by consensus. The whole process can take up to one year and is meant to be repeated after a few product cycles in order to take into account both technical progress and new requirements.

In addition to the guides, BITKOM and its public-sector partners offer benchmark workshops for public purchasers. The aim of these free workshops is to train public servants how to properly use the technical benchmarks. Speakers from BITKOM, its member companies and the public sector

250 Federal Office of the Bundeswehr for Information Management and Information Technology (www.it-amtbw.de). The Bundeswehr is Germany’s military.
251 Federal Employment Agency (www.arbeitsagentur.de).
discuss the benchmarks, provide practice examples and answer the participants’ questions.

According to BITKOM, the initiative has been successful since its launch. As an indicator of increasing demand for guidance on ICT procurement, the website’s click rate and the number of downloads are rising. Moreover, due to requests from Europe and South America, the guides were translated into Dutch, English, French, Portuguese and Spanish. So far, no similar initiative has been launched in other countries because BITKOM has had the guides translated into different languages. The translation of the guides and the running costs are funded by BITKOM, with contributions from participating businesses and public bodies.

With regard to the future of the platform and sustainable ICT procurement in general, BITKOM forecasts a growing importance of social aspects. The BeschA, the Kompetenzzentrum für nachhaltige Beschaffung<sup>252</sup> and BITKOM will discuss how such considerations can be integrated into procurement and, in particular, how they can be verified. In the meantime, the existing platform will be further developed by producing guides for new product groups (e.g., displays and printers) and focusing on local procurement bodies.

In sum, *ITK-Beschaffung* is a good example of a soft-law initiative that sees business and public actors use their joint expertise to improve existing soft law on procurement. In doing so, they make the tendering process more efficient and create better value for taxpayers’ money. At the same time, the government uses the market mechanism to incentivise and reward businesses that produce and sell eco-efficient ICT equipment.

Such an approach could be replicated in other sectors and other countries. In fact, something similar has already happened at the EU level. Since 2008, the European Commission has set criteria for green public procurement in 19 product groups, including office IT equipment.<sup>253</sup> Unlike the German initiative, these criteria have been developed and updated on the basis of stakeholder involvement. One should keep in mind, however, that the approach of BITKOM and the German procurement agencies yielded early and practical results. It remains to be seen whether this will also apply to more complex socially responsible procurement.

### 6.2.2 Managing the supply chain responsibly: AVE Sektorenmodell Sozialverantwortung (WRT)

Codes of conduct are a common instrument for entrenching responsibility in an organisation. The challenge in using a code, however, lies not in drafting it but, rather, in its implementation mechanisms. This problem is at the heart of

---

<sup>252</sup> Competence Centre for Sustainable Procurement.

sector-specific Corporate Responsibility in Germany

AVE Sektorenmodell Sozialverantwortung, an initiative jointly launched by the Außenhandelsvereinigung des deutschen Einzelhandels (AVE), the Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ) and the Deutsche Gesellschaft für technische Zusammenarbeit (GTZ).

In the 1990s, large retailers came under pressure because of problems in their global supply chain, such as child labour, poor safety standards and low wages. As a reaction, some of them created their own corporate codes of conduct and started to manage such risks in their supply chains. This resulted in different codes and the question of their equivalence. The AVE stepped in and convened the large German retailers in a working group that created the AVE Code of Conduct. The Code was modelled after the ILO core labour norms and the SA8000 standard.

After the Code had been endorsed by consensus in 1999, questions arose about how it could be implemented. In 2001, the GTZ established a “Codes of Conduct Roundtable”, which gave different stakeholders an opportunity to discuss supply-chain-related issues. The idea of developing an implementation mechanism for codes emerged in these discussions, and a partnership between the AVE, BMZ and GTZ was forged.

The AVE invited its members to join a working group that was formed to develop a monitoring and auditing procedure for companies that decided to follow the AVE Code voluntarily. These companies were large retailers that committed themselves to improving the social performance of their suppliers over a reasonable period of time and in accordance with the requirements of the AVE Code of Conduct. The goal was not to punish suppliers and sub-suppliers for not meeting high social and labour standards but, rather, to give them an opportunity and encouragement to improve incrementally. Training and local roundtables were to complement the social audits and monitoring system.

The development of this system was handled solely by the AVE and its members. According to the AVE, it was difficult to convene competitors that were divided into laggards and forerunners with respect to their social responsibility. Depending on their CR performance, participants would face varying implementation costs associated with joining the initiative. Stakeholders were not involved at that point, the AVE says, since they would have further complicated the consensus-based modus operandi of the working group. They were

254 AVE Sector Model Social Responsibility (website no longer accessible).
255 Foreign Trade Association of German Retail Trade (www.ave-international.de).
256 Federal Ministry for Economic Cooperation and Development (www.bmz.de).
257 German Technical Cooperation (GTZ) was reorganized and renamed in January 2011, when it was merged with Internationale Weiterbildung und Entwicklung gGmbH and Deutscher Entwicklungsdienst. It is now the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the German Society for International Cooperation (www.giz.de).
258 The following information is based, inter alia, on an interview with Stefan Wengler, director of AVE, and on the archived website of the “AVE Sector Model”, which is no longer available.
invited later, however, after an advisory board had been set up. The AVE published information on the development of the *Sektorenmodell* in their annual reports between 2001 and 2005.

Once the *AVE Sektorenmodell* had been successfully established, in April 2003, participants began to implement it. The BMZ and GTZ were strongly involved in this phase. First of all, the BMZ funded the initiative financially, in particular, its auditing and training activities. But it also lent credibility to a business-led initiative that was met with scepticism by some stakeholders. At that time, the BMZ was led by a Social Democrat minister whose support for a business initiative gave vital political backing to the AVE.

Apart from this general support, the GTZ played an important role when it came to operations in the developing countries. Whereas independent consultants accredited by Social Accountability International, which had created the SA8000 standard, audited the suppliers, the ensuing training sessions were provided by the companies and the GTZ. In this way, companies could draw on the GTZ’s expertise in intercultural technical cooperation and increase the legitimacy of their training. In a further step, local roundtables were established that were modelled on the Codes of Conduct Roundtable and open to a range of stakeholders, including trade unions, trade associations and governments. Their aim was to strengthen local ownership of the *AVE Sektorenmodell*.

After the project was concluded, the GTZ did an internal evaluation. In general, the AVE initiative can be called a good example of how a public-private collaboration can help implement a soft law (i.e., the code of conduct). The initial goal of conducting 2,500 audits within a period of three years was not achieved. Rather, the AVE, BMZ and GTZ only managed to carry out about 1,000 audits with around 900 suppliers owing in part to a shortage of accredited auditors. However, even this number is minuscule if one considers that, according to the AVE, one single participant had about 8,000 suppliers.

Nevertheless, the *AVE Sektorenmodell* succeeded in being quickly scaled up. It attracted attention from retail companies in other countries. At first, some members of the *Vereniging van Grootwinkelbedrijven in Textiels*\(^{259}\) joined the initiative. Later, the AVE approached large Swiss and French retailers, but these companies did not want to join a German initiative. Therefore, the AVE’s European branch, the Foreign Trade Association, launched a global version of the *AVE Sektorenmodell*. The Business Social Compliance Initiative (BSCI) was founded in 2003 and now comprises more than 700 companies from various sectors.\(^{260}\) Thus, although the *AVE Sektorenmodell* was phased out by the end of 2006, its mission continues to be pursued by the BSCI.

\(^{259}\) Dutch association for large textile retailers (www.rndweb.nl).

\(^{260}\) www.bsci-intl.org.
In December 2009, the BSCI received the “Award for Business Ethics 2008” sponsored by the Deutsches Netzwerk Wirtschaftsethik. This decision was criticised by the Clean Clothes Campaign, which argued that having notorious discount chains the members of the BSCI would undermine rather than promote supply-chain responsibility because their overall business models were based on low prices rather than sustainability. The BSCI responded by saying that it encouraged participation by all companies and that each commitment would be monitored.

6.2.3 Strengthening consumer responsibility: Forum Waschen (chemical sector)

Responsibility has two sides when it comes to consumer goods. On the one hand, producers bear responsibility for their products; on the other, consumers are responsible for the way they use and dispose of the products. This becomes particularly evident with goods that can be used in a non-sustainable way, for example, by using a detergent that is not suitable for cleaning clothes or surfaces or by not respecting dosage instructions. The activities of Forum Waschen show how a multi-stakeholder initiative can tackle the joint responsibility of companies and consumers in the chemicals sector.

Producers of detergents and household cleaning products have long suffered from a bad reputation. The original reason was the use of non-biodegradable surfactants in the 1960s and their negative impacts on the environment. Although the industry has improved its products since then by making them more efficient, among other things, the bad reputation has stuck with some consumers and other stakeholders. Moreover, consumers did not adjust their behaviour to the increased efficiency of detergents, which in turn neutralised any (eco)efficiency gains.

This is the point of departure for Forum Waschen. It was established in 2001 in order to start a dialogue with all relevant corporate stakeholders concerning washing and cleaning in private households. Having launched this initiative, the Industrieverband Körperpflege- und Waschmittel (IKW) wanted to give consumers practical and unbiased information on sustainable cleaning and washing. The aim was to encourage consumers to save money and resources, without neglecting the aspects of health and hygiene, by publishing leaflets and position papers as well as organising awareness-raising events.

Since the consumer information needed to be neutral and credible, the IKW identified relevant stakeholders and asked them to join the forum. Eight
stakeholder groups accepted the invitation, including universities, a consultancy firm, two consumer-protection organisations and the BMU. Today, Forum Waschen has 36 participants (including the IKW), six of which are governmental institutions. Rather than having formal membership and statutes, the forum has a basic document outlining its organisation and structure (Forum Waschen 2011). Forum Waschen is open to all stakeholders who are somehow involved with sustainable washing and cleaning.

There are three modes of dialogue and cooperation: the stakeholder workshop, the project teams and the project groups. The actors’ workshop is an annual meeting of all stakeholders. It is comparable to a governing body since it is in this context that participants initiate joint projects and launch project teams and that groups present their results and decide on topics the Forum Waschen wishes to deal with. All decisions, including the publication of consumer information, are taken by consensus. The same holds true for decision-making within the project teams and groups, which are the actual workhorses of the forum.

Project teams are formed for permanent tasks. These include “consumer communication/action day”, “public relations”, “washing up” and “school”. For instance, the team on consumer communication is responsible for approving the brochures, position papers and the homepage, surveying consumer behaviour and organising a nationwide action day with over 120 local awareness-raising events per year. Stakeholders within a project team form working groups in order to address a specific issue, such as drafting consumer information on washing temperatures.

The IKW hires a professional moderator to improve the dialogue, mutual understanding and cooperation among the participants. The collaborative atmosphere of the discussions benefits from most of the participants’ technical background in cleaning and washing. Moreover, engineers from domestic appliance companies have been participating in the forum for several years.

Due to the fact that all stakeholders are equal within this multi-stakeholder forum, government representatives have no special role at first glance. However, the annual action day, held on May 10, always has a patron drawn from public life. In the past eight years, seven out of eight patrons were ministers or presidents from a participating government organisation. In connection with their work in the project teams and groups and their support for the action day, public actors are key in providing the initiative’s main currency: legitimacy. They act as lenders of credibility and thereby ensure that consumers can deem the publications and events of Forum Waschen neutral and unbiased. Although other stakeholders also contribute some degree of legitimacy, it is only the government participants that can be viewed as not pursuing any special interests and as (ideally) being committed to the public good.

The IKW tracks the forum’s performance with indicators that measure its output. An example of an indicator is the click rate on the forum’s homepage.

There are three modes of dialogue and cooperation: the stakeholder workshop, the project teams and the project groups. The actors’ workshop is an annual meeting of all stakeholders. It is comparable to a governing body since it is in this context that participants initiate joint projects and launch project teams and that groups present their results and decide on topics the Forum Waschen wishes to deal with. All decisions, including the publication of consumer information, are taken by consensus. The same holds true for decision-making within the project teams and groups, which are the actual workhorses of the forum.

Project teams are formed for permanent tasks. These include “consumer communication/action day”, “public relations”, “washing up” and “school”. For instance, the team on consumer communication is responsible for approving the brochures, position papers and the homepage, surveying consumer behaviour and organising a nationwide action day with over 120 local awareness-raising events per year. Stakeholders within a project team form working groups in order to address a specific issue, such as drafting consumer information on washing temperatures.

The IKW hires a professional moderator to improve the dialogue, mutual understanding and cooperation among the participants. The collaborative atmosphere of the discussions benefits from most of the participants’ technical background in cleaning and washing. Moreover, engineers from domestic appliance companies have been participating in the forum for several years.

Due to the fact that all stakeholders are equal within this multi-stakeholder forum, government representatives have no special role at first glance. However, the annual action day, held on May 10, always has a patron drawn from public life. In the past eight years, seven out of eight patrons were ministers or presidents from a participating government organisation. In connection with their work in the project teams and groups and their support for the action day, public actors are key in providing the initiative’s main currency: legitimacy. They act as lenders of credibility and thereby ensure that consumers can deem the publications and events of Forum Waschen neutral and unbiased. Although other stakeholders also contribute some degree of legitimacy, it is only the government participants that can be viewed as not pursuing any special interests and as (ideally) being committed to the public good.

The IKW tracks the forum’s performance with indicators that measure its output. An example of an indicator is the click rate on the forum’s homepage.
which reportedly attracts more than 15,000 visitors per month. Moreover, the reactions to the quarterly press reports are collected and analysed, as are the reports handed in by the organisers of local events during the day of action. Media coverage of the action day is estimated to reach more than 10 million people.

However, it is harder to measure the impact of the forum’s activities. The IKW refers to the sectoral sustainability report it has issued since 2004. According to the latest report, the share of laundry washed at or above 60 degrees Celsius has fallen from 43 per cent in 2001 to 32 per cent in 2010 (IKW 2011: 20). Though it is difficult to establish a direct causal link, it seems plausible to assume that the forum’s activities and information have supported this trend. The forum was awarded the title Werkstatt N (“Workshop Sustainability”) in 2011 and 2012. Each year, the RNE, which advises the German government on matters of sustainable development, uses this label to recognise 100 projects across Germany for their practical contribution to sustainable development.

As for its future, the Forum Waschen will continue to inform consumers about sustainable washing and cleaning. Demographic and lifestyle changes (e.g., the growing number of single households) and controversial topics (e.g., the use of dryers) will continue to create demand for more dialogue and information.

As the three examples above have shown, actors in industry are aware of their responsibility and do live up to it. In each of the examples, trade associations play a vital part, echoing Germany’s corporatist tradition. Government bodies contribute to these initiatives by providing funding and expertise, in general, and by lending legitimacy, in particular, especially when stakeholders are concerned or involved. It is noteworthy that all three initiatives are strongly issue-driven. Instead of “sector-specific responsibility” per se, difficulties in the tendering process, the application of codes of conduct and the right dosing of detergents have led to these initiatives. With regard to the recent explicit CR approach of the government, such specific issues cannot be and actually are not identified within a central strategy. Instead, they are viewed as primarily being the responsibility of specific sectors.

266 www.forum-waschen.de/nachhaltig-handeln.html.
267 www.werkstatt-n.de/projekte/forum-waschen.
6.3 Comment

Although CR is becoming more explicit in Germany, it remains rooted in the country’s socioeconomic system. Features such as institutionalised social dialogue, the corporatist tradition and the moderating role of the state are expressions of public-private collaboration. The idea of sector-specific CR could draw on such elements. In fact, there are already numerous examples of sector initiatives that deal with CR-related issues. They have grown organically from the interaction of different actors within a sector rather than being the result of an elaborated strategy.

However, the existence of such initiatives should be acknowledged by the central CR strategy and promoted by the government. For example, existing sector initiatives could be collected and highlighted on the government’s CR website268 or follow the Danish example of including sector-specific measures in the Action Plan. This could particularly help sector initiatives that are committed to responsibility but struggle to attract attention and recognition since they deal with bread-and-butter issues rather than large-scale challenges. For example, even the three organisations presented in this report are probably known to only a limited number of people outside the respective sectors.

Apart from raising awareness, the government should continue to get involved in sector initiatives. Whether it lends credibility, shares expertise and resources, or engages in co-governance, the government can act as an honest broker between different interests. Instead of being a new role, this would actually reflect the original function of government as a guarantor of a responsible economic order.

References


Summary

The current Dutch government is rather hands-off when it comes to corporate responsibility (CR). On the one hand, it holds that CR is not a government task; on the other, it argues that the government should not impose too much regulation on businesses and should, instead, promote self-regulation within sectors. Nevertheless, CR has a long and rather successful tradition in Dutch politics and industry and, in fact, Dutch companies number among those that have set highly respected CR benchmarks. Since social and environmental problems remain, however, the Dutch government has founded NGOs that provide sector-specific initiatives, mainly by sharing information, setting benchmarks and forming conditions for collaboration. This enables businesses to shape CR initiatives in a way that allows them to see the advantages CR brings to their activities as well as to contribute their specific knowledge to efforts fostering sustainable development. Additionally, the Dutch government applies strict sustainability criteria in the context of public procurement and on the financial market. Given the figures concerning the adoption of sustainable production and investment practices, the Dutch government’s initiatives appear to have been effective thus far.

7.1 Corporate Responsibility in the Netherlands

7.1.1 General CR context
The Dutch economy is healthy, stable and flourishing; it is the 10th-largest economy in the world and heavily dependent on international trade, especially regarding exports.\(^{269}\) The most important industries are food, chemistry, oil

and electronic devices. CR is an important topic for the Dutch government, businesses and society. Across the world, the country is seen as an early mover, as evinced by its high level of responsibility in general and of CR, in particular. In the Responsible Competitiveness Index (RCI) of 2007, the Netherlands was ranked in 12th place,\(^{270}\) and Transparency International’s Corruption Perceptions Index 2010 ranked the country in seventh place for that year.\(^{271}\) Over the years, several major Dutch companies have been regarded as setting CR benchmarks. In the fast-moving consumer goods (FMCG) sector, the Dutch-British company Unilever is often seen as a leader in CR innovation.\(^{272}\)

The position of the government explicitly subscribes to the idea that CR should be both voluntary and possibly profitable for business (Dubbink 2007; Kolk 2004). It aims to support Dutch companies in keeping their leading positions with regard to CR. Even though the emphasis in the CR context is on environmental responsibilities, the government explicitly places human rights issues, especially in developing countries, on the national CR agenda and tries to stimulate Dutch multinationals to insist on labour conditions in these countries that conform to International Labour Organization (ILO) standards.

As early as 1999, the Dutch government focused on CR and asked the Social and Economic Council of the Netherlands (SER) to provide a programme. At that time, Wim Kok, the Social Democratic prime minister, stressed the importance of having the government engage in CR issues. However, his policy paper on CR stressed that policy-setting was not the exclusive right and duty of the government.\(^{273}\) The report “CSR: The Perspective of the Government” (SER 2000) underscores the idea that CR can both benefit society and be profitable for companies.

The current Dutch government, headed by Prime Minister Mark Rutte, aims to promote CR worldwide. Companies participating in government activities that aid in international development are required to abide by the OECD Guidelines. The Dutch government is explicit in excluding CR from legislative governmental tasks, believing instead that CR is related to activities and obligations that are complementary to the legal duties of companies.\(^{274}\) The current official political agenda is driven by the conviction that not everything has to be codified in formal legal rules. Instead, the government...
has faith in the willingness of businesses to find solutions and interact with stakeholders nationally as well as internationally.

The vision of the government concerning CR is formulated in a two-page document (Heemskerk 2007) that explains that the Dutch CR approach is to “inspire, innovate and integrate”. The government tries to inform companies about the opportunities for and possible benefits of CR. Additionally, it has a well-elaborated policy with regard to the openness of CR initiatives and provides a transparency benchmark that informs consumers and investors alike about the quality of companies’ CR reporting.275

The Dutch government functions as an economic actor as well, buying products and services and financing companies. Hence, its influential market position is stimulating CR activities through market forces. This involves the implementation of certain responsibility criteria in governmental activities related to both consuming and investing. Additionally, several Dutch ministries provide financial support to NGOs and business associations that aim to promote CR in the Netherlands and worldwide. In its statement on supply-chain responsibility, the Dutch government has clearly indicated that business organisations should take international responsibility and supply-chain responsibility.276

The Dutch government finances a small group of independent NGOs, of which CSR Netherlands277 is the most prominent and influential platform. The organisation was founded in 2004 by the Dutch Ministry of Economic Affairs and provides information for companies about how to implement CR. CSR Netherlands holds that CR should be sector-specific. However, in its own documents, it provides information about CR topics, such as biodiversity, the “cradle-to-cradle” approach, corruption and animal well-being.

Although there have been isolated scandals, Dutch industry is not particularly characterised by tensions and problems related to CR. As in many countries in Central Europe, the ILO standards are well-adhered-to, and toxins are properly handled. However, the Netherlands is a highly outward-oriented economy with much impact. Hence, even though businesses generally act in accordance with societal expectations, a number of the most serious business scandals in corporate history have involved Dutch multinationals or individuals.278 Nowadays, Dutch industry shows a high level of concern for CR issues. Indeed, Dutch companies number among the leaders in responsibility and set

275 “Transparente Benchmark” (www.transparantiebenchmark.nl).
277 MVO Nederland (www.mvonederland.nl).
278 For example, the Lockheed corruption affair, the Brent Spar affair and the ABN AMRO bankruptcy.
benchmarks in their respective sectors, such as food, chemicals and logistics (Gössling 2011).  

Society is an important driver of CR in the Netherlands. The Dutch display a relatively high degree of concern for environmental and societal issues, in particular. Accordingly, surveys of public opinion show that environmental issues are high on the agenda when it comes to CR issues (Auger et al. 2003).

Moral consumption is a phenomenon with a long tradition in Dutch society (Jacobsen and Dulsrud 2007). This was most obvious in the context of the oft-cited Brent Spar case (Zyglidopoulos 2002). Although over-emphasised in the academic literature and critically discussed, this case is still very present and dominant for the understanding of consumerism in the Dutch business community.

7.1.2 Sector-specific corporate responsibility in five industry sectors

7.1.2.1 Chemicals and chemical products

According to the Vereiniging van de Nederlandse Chemische Industry (VNCI), the chemical sector is the second-most-important sector in the Dutch economy. In 2010, the turnover in this sector was €47 billion. The sector employs some 64,000 people in 400 companies, or 5.8 per cent of the total workforce. Roughly 20 per cent of total Dutch exports are chemicals, with a total value of €71 billion. The sector accounts for 2.7 per cent (€14 billion) of the country’s Gross Value Added (GVA).

The Dutch government does not have any particular CR programme for the chemical sector. Given the strong international orientation of the industry, most Dutch chemical companies comply with international standards and regulations and have corporate CR programs. Most of these companies, as well as the industry association, refer to “responsible care” as an overarching CR framework.

Although the public image of the Dutch chemical industry has significantly improved in recent years, its reputation is still rather low. In 2010, it ranked seventh out of eight industries in terms of reputation, outperforming only the nuclear-energy sector, after having held eighth place itself two years...
earlier. Moreover, 57 per cent of the Dutch think that the sector is bad for the environment, 51 per cent perceive it as nontransparent and 46 per cent as unsafe (VNCI 2011).

Although the reputation of chemical products has decreased over the last two years in the Netherlands, it is still higher there than in many other countries, which conforms to the country’s innovation-oriented spirit. Interestingly, in 2011, the prestigious Dow Jones Sustainability Index designated a Dutch company, DSM N.V., as the best-performing chemical company in the world.

The most relevant legal regulations for the Dutch chemical sector concern environmental and worker-safety issues. The EU’s REACH regulation regarding chemical goods is enforced in the Netherlands. On the national level, workers’ health and safety laws especially regulate employee exposure to chemical products. These laws are industry-specific and contain particularly strict safety requirements for the chemical sector. The government’s monitoring of the chemical industry, as well as that of all other industries, is very prominently presented in the transparency benchmark (Ministry of Economic Affairs, Agriculture and Innovation 2010).

The VNCI industry association is rather reluctant about embracing CR. Official statements present the whole sector as highly responsible and reliable. CR-related information, workshops, conferences and expertise within the VNCI itself limit their focus to compliance with EU regulations.

7.1.2.2 Construction
Construction is an important sector in the Dutch economy. In 2008, it accounted for 5.8 per cent of GVA (OECD 2010: 561), and, in 2011, it employed about 6 per cent of the workforce. More than 115,000 companies—99 per cent of which are small and medium-sized enterprises (SMEs) and 70 per cent of which are one-person companies (Klein Wolthuis 2010; Braams et al. 2009)—were registered in the Netherlands in 2008. The construction sector is characterised by a low level of innovativeness (in terms of patents and R&D expenditures), with the exception of the water construction subsector, where Dutch expertise is viewed as setting the international benchmark. Companies

287 www.stoffen-info.nl/onderwerpen/reach-0/.
288 Arbeids Omstandigheden (ArBo, or ” Working Conditions”) (www.arboportaal.nl/types/arbcatalogi2/onderwerpen/veilig-werken=&r55_r7:page=8).
290 www.tno.nl/content.cfm?context=overtno&content=overtno_case&laag1=956&laag2=3&item_id=303.
CR issues

With regard to CR, two issues are of major importance in the Dutch construction sector: the environment and fair operating procedures. Between 1990 and 2000, cases of fraud were rather frequent in the construction sector, especially with publicly funded projects. This issue was investigated by a special national commission for investigating fraud in the construction sector.292

The scandal involved 344 companies, which ultimately had to pay a total of €70 million in fines. Since 2002, the Ministry of Public Affairs has had the sector under special monitoring. The other issue, environmental sustainability, particularly deals with energy consumption, carbon-dioxide emissions and the use of sustainable materials.293

Sector reputation

The reputation of the Dutch construction sector is damaged, not least because of the fraud scandal. In 2001, the industry organisation Bouwend Nederland launched an initiative to improve the sector’s public image. Initiatives focused on clear protocols for procedures and quality improvement. In 2005, a survey showed that the sector had an image that was partly good and partly bad.295

Government as main driver

The main driver of anti-fraud initiatives and sustainability in the Dutch construction sector is the Dutch government, especially in terms of public procurement. Section 2 will further examine good approaches in this sector. With regard to legal initiatives, in 2008, the Dutch government signed an agreement with the Dutch construction sector to ensure increases in the construction of low-energy houses (a 25 per cent increase by 2011 and a 50 per cent increase by 2015, using the 2007 level as a benchmark).296

Other CR initiatives

Major Dutch construction companies have signed an agreement called ENCORD (European Network of Construction Companies for Research and De-

---


292 [www.denederlandsegrondwet.nl/9353000/1/9vvihihf299q0sr/vhnnk8ygfhzp?ctx=vg09lllq](http://www.denederlandsegrondwet.nl/9353000/1/9vvihihf299q0sr/vhnnk8ygfhzp?ctx=vg09lllq).

293 In a 2010 survey of companies, 85 per cent indicated that sustainability was an issue in their most recent projects. Of these, 36 per cent indicated it had a major importance, 28 per cent some importance and 21 per cent only a minor importance. See: [www.bouwkennis.nl/producten/duurzaamheid_en_energie_monitor](http://www.bouwkennis.nl/producten/duurzaamheid_en_energie_monitor).

294 “Building Netherlands” ([www.bouwendnederland.nl](http://www.bouwendnederland.nl)).

295 On a scale between very negative and very positive. For 20 per cent of the respondents, the fraud scandal was of major importance for the sector’s public image. While 76 per cent had faith in the skills of sector employees, 68 per cent said the sector provides constructions of good quality. See: [www.infrasite.nl/news/news_article.php?ID_nieuwsberichten=1826](http://www.infrasite.nl/news/news_article.php?ID_nieuwsberichten=1826).

velopment) on increasing sustainability in the construction industry. The Dutch Green Building Council promotes the construction of sustainable houses and provides advice on building and certification. The foundation Stichting Duurzam Bouwmetaal aims to promote the use of sustainable metal in the Dutch construction sector by providing information about sustainable supply chains and reliable certificates.

The association Bouwend Nederland does not develop its own CR-related initiatives. However, it functions as a collective bargaining partner between the sector and the government in addition to translating government initiatives into tangible actions, such as sustainable and social urban planning. However, the association does not explicitly mention other aspects of CR as being relevant.

7.1.2.3 Wholesale and retail trade

The wholesale and retail trade (WRT) sector consists of the two subsectors: wholesale and retail. Wholesale distributes goods to retailers, whereas retailers sell goods directly to consumers. The retail sector is the biggest sector of the Dutch economy. In 2011, it had €83 billion in turnover (accounting for 19 per cent of GVA) and 800,000 employees (7.2 per cent of the total labour force) working in roughly 143,000 companies: 120,000 shops, 20,000 market stands and 16,000 online stores. Of these employees, more than 42 per cent worked on a part-time basis. Retail accounts for roughly 30 per cent of the total expenditures of Dutch consumers. It is dominated by three major players together controlling 80 per cent of the domestic retail trade: Ahold, SuperUnie and Laurus.

In wholesale, there were 61,705 companies in 2010 with €360 billion in combined turnover. About 39 per cent of the wholesale market consists of FMCGs, 30 per cent of capital assets, 28 per cent of raw materials and semi-finished products, and 3 per cent of others (Braams et al. 2009). The wholesale sector employs about 4 per cent of the national labour force, of which about a quarter works part-time.

The WRT sector is extremely diverse with regard to companies and products. Roughly half of the wholesale sector consists of one-person companies, of which only 500 companies employ more than 100 employees each. The respective sector associations for WRT contribute to the development of subsector-specific CR approaches. For wholesale, this is the Nederlands Verbond

298 www.dgbc.nl/wat_is_dgbc/over_ons.
299 “Sustainable Building Metal” (www.duurzaambouwmetaal.nl/stichtingduurzaambouwmetaal).
Sector-specific Corporate Responsibility in the Netherlands

van de Groothandel (NVG); for retail, this is the Raad Nederlandse Detailhandel (rnd).

The main drivers of CR in the WRT sector are NGOs and consumers. However, consumers are also sensitive to prices. With regard to certain goods, the market share for sustainable products has risen in recent years. For sustainable coffee, for example, the market share is 50 per cent, and for fish, 10 per cent (Vermeulen et al. 2011). Dutch consumers are very discerning and active in their consumption decisions, which fits in well with their high level of NGO membership. The data suggest that communication between NGOs and consumers functions better and more quickly in the Netherlands than in other countries, as initiatives soon achieve large market shares for sustainable products. Trade organisations react accordingly by providing more sustainable products and information, for example, by providing sustainability certifications.

For the WRT sector, there are no specific legal regulations on sustainability and CR. Mandating initiatives can be found in the context of public procurement. As discussed above, government-funded NGOs provide information-sharing, labelling and certifications for sustainability and fair trade.

Various initiatives have been launched in the sector, some of which are subsector-specific. In 2011, the CBW-MITEX, a trade association for retailers of interior design, fashion, shoes and sportswear launched the first CR conference, which aimed to foster information-sharing, collaboration and benchmark-setting in this sector. Albert Heijn, the supermarket chain and retail-sector leader, aims to push the government towards a stricter legal framework in the retail sector. This company specifically demands stronger government regulations with respect to organic food. The NVG, on the other hand, does not mention the term “CR” in any of its publications.

7.1.2.4 Information and communication technologies

In 2011, the information and communication technologies (ICT) sector accounted for almost €30 billion in turnover and 4.8 per cent of GVA. It was made up of 30,000 companies employing 250,000 people (2.2 per cent of the labour force). Within this sector, software development is of major importance, with a turnover of €25 billion and 192,000 employees, of which 68,000 work in research and development. The sector is developing well; in

---

303 Dutch Wholesale Association (www.nvg.nl).
304 Council of Dutch Retailers (www.rndweb.nl).
305 NGO membership database, retrieved from Greenpeace.
306 E.g., the St. Nicolas fair trade Choclat Initiative managed to achieve a 95 per cent fair trade market share, which is unique in consumerism history. See: www.sinterklaasvierennl/2011/11/sinterklaas-vieren-met-de-groene-sint/.
309 www.onzeconomie.nu/121/sectorprofiel.
2011, it enjoyed a growth of 1.6 per cent; for 2012, a growth of 3.2 per cent is expected.

Although the ICT sector is known for having relatively few problematic products and production conditions, the fact that it is a major consumer of energy has caused serious reputation-related issues. Given this fact, ICT companies have a potential market force to push energy suppliers towards more sustainable energy production, which is not always the case in practice. According to the Gartner information technology research group, the ICT sector has outpaced the aviation industry in terms of carbon dioxide emissions since 2008. Therefore, NGOs (e.g., Greenpeace) have been very critical of the sector and have been monitoring it closely.

The Dutch government does not have any specific CR approach for the ICT sector. However, there was a very effective law concerning one specific branch of the sector, namely, call centres. When the government passed a law forbidding undesired telephone calls, it virtually forced marketing call centres out of business.

MVO Nederland and trade associations have launched initiatives aimed at improving CR performance. MVO Nederland provides information and training in dealing with CR demands, whereas the sector association, ICT-Office, has established the foundation Stichting ICT Milieu. The foundation is meant to: take the lead in recycling; provide information to its supporters; lobby the government, NGOs and the media; and provide networking opportunities for its target group. Furthermore, Microsoft Netherlands applies rather high CR standards and pushes its Dutch suppliers to adhere to Microsoft’s strict rules. Furthermore, some smaller NGOs try to encourage users to opt for more sustainable products and to use products in a more sustainable way (e.g., by using standby mode).

7.1.2.5 Financial services

In the Dutch banking world, there are 4,400 companies, which together employ 2.5 per cent of the total labour force. In 2011, it accounted for €38 billion in value creation (7.2 per cent of GVA). In the context of the financial crisis, the Dutch financial sector was forced to suffer severe losses. The Dutch banking sector is primarily a private sector regulated by the government (Tweede

---

310 By contrast, so-called “electrosmog” does not appear to be an issue in the Netherlands; it is hardly discussed in public and not at all in the political discourse. See: www.elektrosmog.nl.
312 www.dewereldmorgen.be/artikels/2012/02/08/google-groenste-it-bedrijf-volgens-greenpeace.
314 www.mvoplatform.nl/publications-nl/Publication_586-nl.
315 See, e.g., www.ictoffice.nl/?id=8270.
Kamer 2001). It is dominated by three types of banks: cooperatives, savings banks and private banks. The market leader in mortgages is the cooperative Rabobank, followed by five private banks; SNS Bank, the largest savings bank, was the seventh-largest mortgage lender.\(^{320}\)

In the Netherlands, the most severe effects of the financial crisis were felt by the Dutch-Belgian Fortis group. In September 2008, the governments of the Netherlands, Belgium and Luxembourg took over shares of Fortis. In October of that year, the Dutch government took over all Fortis activities, while the parts of the bank owned by Belgium and Luxembourg were sold to BNP Paribas. In this process, ABN AMRO also ended up being a state-owned bank. Both banks continue their business activities.

The image of the financial sector suffered severely in the context of the financial crisis. Changes in the banking world, including mergers and acquisitions, influenced the reputation of the entire sector and led to a loss of public faith in it.\(^{321}\) Furthermore, the sector is not very popular amongst the Dutch labour-force and students anymore.\(^{322}\) In fact, the Dutch financial sector is still losing customer confidence: In 2011, only 36 per cent of the population believed that consumers’ interests are of primary importance to banks; in 2012, this share decreased to 30 per cent.\(^{323}\)

The entire Dutch financial sector is under the supervision of the Autoriteit Financiële Markten, an independent agency that executes governmental authority without being controlled by the Ministry of Finance. This agency has established a general code of conduct that is binding for all financial services and entails the following rules: (1) all financial products must be accompanied by an instruction leaflet that provides information about potential risks; (2) insider trading is forbidden; (3) financial service providers must provide an annual report prepared by accountants accredited by the authority.\(^{324}\)

For the financial sector, CR is specifically defined as those financial activities that contribute to sustainable value creation in the economic, ecological, social and ethical spheres (CREM 2003). Given the effects of globalisation, and especially that of the financial economy, the Dutch financial sector has been faced with CR issues that are of an international rather than solely national nature. The two major challenges are ensuring the safety of consumer assets and making socially responsible investments (SRI).


\(^{321}\) www.motivation.nl/sectoren/financi%C3%A9le-en-zakelijke-dienstverlening.


Major banks in the Netherlands have issued their own CR policies. Additionally, several banks are actively engaged in community projects, such as “community days” and responsibility training for their employees (Profundo 2012). Two banks, ASN and Triodos Bank, position themselves as responsible banks by providing sustainable financial products and developing SRI criteria. Furthermore, they actively engage in microfinance. Interpolis, a Dutch insurance company, develops microinsurances specifically geared toward living conditions in “bottom of the pyramid” (BOP) countries (Janssen et al. 2011).

Institutional investors and the Vereniging van Beleggers voor Duurzame Ontwikkeling325 actively engage with their investees in order to influence their corporate governance and foster more CR. The development of the SRI market in the Netherlands is above the European average. Between 2006 and 2009, the market share of SRI rose from €47 billion to €396 billion. Given the total investment market in the Netherlands of €1.21 trillion, SRI has a market share of 33 per cent, the largest in Europe.326

The government provides little CR-related legal guidance. It primarily tries to ensure that money is invested in reliable sources in order to not put customers at risk of losing their assets.327 There are no regulations for enforcing sustainable investment. However, MVO Nederland, a government-funded NGO, provides information and incentives for banks to engage in sustainable investment.328

7.2 Illustrative examples of Sector-specific initiatives

Three different initiatives with varying degrees of complexity show that the government can adequately promote CR through approaches as diverse as network collaboration and sponsoring, mediation and consultancy, and straightforward market mechanisms. Given the importance of trade for this relatively small country and its long tradition of international trade, on the one hand, and the Dutch tradition of government-industry collaboration, on the other, the initiatives focusing on trade are rather prominent. Furthermore, given the wealth of the country, consumers in the Netherlands are relatively aware of different degrees of quality in their products, including their moral quality, and are willing and able to pay a higher price for such quality. Under these circumstances, Dutch actors—meaning both companies and consumers—are well-represented in different parts of the entire

325 The Dutch Association of Investors for Sustainable Investment (VBDO) (www.vbdo.nl).
326 www.eurosif.org/sri-resources/sri-country-resources/netherlands.
328 www.mvonederland.nl/bedrijfssproces/financiering.
supply chain of the products. However, Dutch industries are not as involved in production as they are in trade and, for this reason, two of the following three examples deal with sustainable trade initiatives.

7.2.1 Investing in win-win solutions: *Initiatief Duurzame Handel (WRT)*

The *Initiatief Duurzame Handel* (IDH) is an NGO supported by all Dutch ministries and co-financed by the Ministry of Foreign Affairs with initial funding of €100 million. The money is used to co-finance sustainable industry initiatives. Companies that invest in sustainable production and trade can receive subsidies that match up to 100 per cent of their own investment. The principle of matched funding is used to direct money, and especially that of multinationals, toward investments that create sustainable supply chains worldwide. Special attention is paid to the following range of materials: cocoa, coffee, tea, spices, soybeans, cotton, tropical woods, natural stones and electronics. Sustainable tourism also makes up a share of the investment projects.

The guiding principle of this initiative is the "win-win"-principle. The idea behind the sustainability approach is that Western companies and societies also benefit from sustainable development in poor countries, particularly given the increasing demand for raw materials from such countries. The initiative is designed around three principles: accelerating, upscaling and learning.

The idea behind accelerating is that IDH collaborates with NGOs and businesses in cross-sector alliances. Furthermore, joint efforts can take place between competitors and between businesses and their critics in order to reach negotiated solutions that benefit all parties involved.

With upscaling, IDH aims to get multiple stakeholders, including financiers, involved in development and sustainability programs. The organisation provides advice on how to secure additional funding from the European Union and other international organisations. After two or three years of successful partnership, IDH can upscale the funding of individual projects.

Learning implies that IDH can use knowledge and experience gained from other successful projects to provide new initiatives with potentially useful information. In this way, IDH functions as a platform for knowledge-exchange in addition to providing or facilitating research and training as well as networking opportunities. As part of these efforts, IDH maintains a database of information related to specific cases and business models.

329 The following section is, inter alia, based on an interview with an individual who asked to remain anonymous.

IDH has detailed its goals for the next five years, starting from 2012, in a strategic plan\textsuperscript{331} and has been reporting on its progress. In order to meet these goals, IDH has drafted financial plans including agreements of industry partners to contribute their share to the development programme. This programme includes company commitments to invest a total of approximately €60 million to supplement roughly €27 million in contributions from NGOs. This commitment can be seen as a major achievement if one considers that the money is effectively being spent on sustainability.

Several of these collaborations have been completed and written about. IDH documents and other information predominantly feature two projects: one with Unilever, and another with IKEA.\textsuperscript{332} The Unilever study (Braga et al. 2010) documents the significance of IDH for supply-chain sustainability. It describes how Unilever decided to source all the tea in teabags in Western Europe from its Lipton, PG Tips and Lyons brands from Rainforest Alliance Certified farms by 2010 and to have this be the case for all Lipton teabags sold globally by 2015.

Even though the above case reads like a business case, the important difference between both consists in the nature of the three-sector collaboration on this issue. In addition to the businesses and the NGOs, the state-financed IDH contributed significantly to the financing of the transition. In the meantime, in 2009, the project was expanded to more competitors in the tea sector and NGOs.\textsuperscript{333} Project partners are now active in Argentina, China, India, Indonesia, Kenya, Malawi, the Netherlands, Sri Lanka, the United Kingdom and Vietnam. The project’s total budget is €9.2 million, of which the IDH supplies €4.1 million.

Typical for the IDH approach here is that the knowledge development concerning the procedures for fair international trade is spread across the sector and that competitors collaborate in order to contribute to the goals formulated by the IDH. This initiative will continue beyond 2015, when the current projects are scheduled to end.

\textsuperscript{331} At present, these goals are: to increase the earnings of at least 310,000 cocoa farmers; to provide sustainable forestry for 13 million hectares of forest by 2013; to increase the percentage of certified tea to 22 per cent by 2013; to improve labour conditions for 10,000 mine workers by 2015; to make sure that 10 to 15 per cent of imported soybeans are sustainable by 2015; to have 15 per cent of tourist accommodations certified by 2015; to harvest 1 million metric tons of sustainable cotton by 2015; to have 15 per cent of tropical-fish imports be certified by 2015; to have 20 per cent of the pepper in the European Union be sustainable by 2015; to improve the sustainability conditions in 100 electronic-consumer-goods factories by 2015; and to make sure that 25 per cent of the coffee beans produced globally are sustainable by 2015.

\textsuperscript{332} www.idhsustainabletrade.com/katoen-learning.

\textsuperscript{333} Over time, the following partners have gotten involved: Unilever, Sara Lee, Twinings, Rainforest Alliance, UTZ Certified, Ethical Tea Partnership, Koninklijke Nederlandse Vereniging voor Koffie en Thee, Oxfam Novib, L. Elink Schuurman B.V., SOMO, Solidaridad, BothEnds, Landelijke India Werkgroep, Fair Food, Tropical Commodity Coalition and Simon Lévelt.
7.2.2 Partnering for a responsible supply chain: Platform Verduurzaming Voedsel334 (WRT)

**Background of PVV**

The Platform Verduurzaming Voedsel (PVV) was established in 2009.335 Within the context of this initiative, the Ministry of Economic Affairs, Farming and Innovation336 partners with leading NGOs in the field of fair trade and sustainability as well as business partners who can be viewed as benchmark-setters with regard to these issues.

The goal of this partnership is to reduce the negative impact of production and transport in the retail trade, improve the living conditions of animals and support fair trade. What is more, it tries to get all actors along the entire retail supply chain in the Netherlands to collaborate in attaining these goals.337

The platform pursues its objectives via three approaches: (1) sharing knowledge and developing standards; (2) funding pilot studies; and (3) performing political and publicity work.

With the first approach, businesses debate about standards, rules and benchmarks and propose to introduce them within the sector. This approach of handing responsibility for fostering sustainability over to the producers leads to a high level of legitimacy amongst the target group, particularly given the absence of government enforcement.

In the second approach, the platform provides development initiatives with active financial support. Companies can apply for funding for pilot studies that aim to explore the effectiveness and cost-saving nature of new sustainability tools, whether these are products or innovative processes. In the first three years, the sector launched a total of 39 pilot projects, which the platform co-financed with a total of €4.5 million.

The third approach involves having the platform serve as a state-financed communication and marketing organisation for sustainability and stress the advantage of using sustainable products to consumers.

**Goals and objectives**

Although the range of issues here might appear very broad, they are all CR-related and relevant to the retail sector. They primarily focus on issues having to do with the environment and animal quality of life. However, the

---

334 The following section is, inter alia, based on an interview with an individual who asked to remain anonymous.
335 Platform for Sustainable Food. It was founded as a collaboration between the Southern Farmers’ Association (Zuidelijke Land-en Tuinbouw Organisatie, ZLTO, representing the Dutch Farmers’ Association), the Federal Dutch Food Industry (Federatie Nederlandse Levensmiddelen Industrie, FNLI), the Central Office in Food Retail (Centraal Bureau Levensmiddelenhandel, CBL), the Dutch Catering Association (Vereniging Nederlandse Cateringorganisaties, VENECA), and the Royal Dutch Horeca (Koninklijke Horeca Nederland, KHN).
336 Ministerie van Economische Zaken, Landbouw en Innovatie (www.rijksoverheid.nl/ministeries/eleni).
337 In more detail, its aims are: to reduce water use, energy consumption, CO₂ emissions and transportation mileage; to reduce, reuse and recycle waste material from packaging; to improve the physical and psychological (sic) living conditions of animals; to sustain biodiversity; to encourage industry workers to become more civic-minded; and to contribute to fair trade both nationally and internationally.
Illustrative examples of Sector-specific initiatives

The underlying assumption here is that sustainably produced food is also of better quality. Furthermore, the platform’s work is based on the conviction that food producers, rather than any authority, might know how to deal with sustainability issues best. One of the first aims for this initiative was to reach an agreement with all partners involved about the goals and their suitability. Additionally, this platform serves as a consultant for management methods concerning responsibility. It also advises companies on what to introduce, how to introduce it and how to communicate it adequately. Part of this work involves the development of labels, such as the “Sustainable Fish on the Table” one. Restaurants that have a Marine Stewardship Council certification and meet other, stricter criteria with respect to sustainable fishing can apply to use the label. NGOs are actively involved in the projects, e.g. by defining sustainability criteria or defining control mechanisms.

In recent years, the consumption of certified food has significantly increased in the Netherlands. As an evaluation report of the initiative shows, the total amount of certified food consumption increased by 25 per cent between 2009 and 2010, whereas the general food market only grew by 1.4 per cent. PVV does not claim to be the cause of these changes. However, since providing consumers and producing organisations with information about sustainable production raises their awareness of it and allows for a better channelling of related activities, it is possible that this initiative has played a role in bringing about the increases in responsible consumption in the Netherlands—and in times of crisis, no less. Even with small financial contributions, this initiative has proven that it has a high degree of reach and acceptance amongst consumers and producers. For these reasons, this project can be seen as a good example worth emulating in other industries and countries.

7.2.3 Sustainable wood certification for public procurement: Duurzaam inkopen (construction)

In 2004, estimates showed that more than 80 per cent of the wood in the European construction sector was illegally logged, mainly from Indonesian and Brazilian tropical forests. The Dutch government has decided to function as a market partner that stimulates the use of sustainable material. Dutch governmental agencies require their suppliers to adhere to certain responsibility standards and to document this adherence with clear attestations and certificates. This example introduces how the government encourages construction companies to acquire a sustainable wood certification from either the Forest Product

338 www.goedevis.nl/Wat%20is%20Goede%20VIS/Over%20Keurmerken.
341 The following section is, inter alia, based on an interview with Bert van Veldhuizen, Director of FSC Nederland, and Marion Karmann, Monitoring and Evaluation Manager at FSC International.
The motivation of the Dutch government is to stimulate responsibility. This aim corresponds to how the government sees itself as being a partner of Dutch businesses. The procurement policy in the construction sector is part of the national public procurement policy *Duurzaam inkopen*. Suppliers who do not adhere to sustainability criteria are excluded from public procurement. However, there is no national certificate for sustainability or sustainable construction.

The national government, municipalities, provinces and water authorities have shared ambitions when it comes to sustainable public procurement, including those involving timber and wood products. The criteria can be found in the Timber Procurement Assessment Committee (TPAC) code provided by the Dutch Ecolabelling Foundation, *Stichting Milieukeuring*, a foundation launched in 1992 and financed by the government, particularly the Ministry of Economic Affairs, Agriculture and Innovation and the Ministry of Infrastructure and the Environment. This committee controls whether certificates match the criteria for sustainable procurement. At present, the FSC and the PEFC certificates are only certified by the TPAC. The accreditation of the respective companies as such is done by auditors who work in accordance with the criteria of FSC or PEFC. The TPAC standards apply to all suppliers in the construction sector as well as to all their projects. For this reason, it is necessary for the whole company to get accredited.

The procedure is viewed as legitimate for several reasons. First, companies see this soft-law approach as an appropriate steering mechanism. Being able to choose between two certificates gives organisations more flexibility. Second, both the PEFC and the FCS allow members to participate in developing future standards. Third, the Dutch government’s emphasis on how acting responsibly can also increase profitability has been well-accepted by the adopters of sustainable construction.

The regulation had significant impacts on the timber and wood sector, and not only in the Netherlands. Recent data from 2011 show that illegal logging has been decreasing on a global scale. In Cameroon, Brazil and Indonesia, the practice of illegal logging has decreased by 50 to 75 per cent. Imports of illegally logged timber and wood into the European Union have decreased by 30 per cent from where they were in 2004. For the Netherlands, such imports dropped by 21 per cent between 2004 and 2008. This change in practice has
resulted in saving 17 million hectares of forest from deforestation (Lawson and MacFaul 2010). Indeed, the fact that the share of wood in the Netherlands that has been illegally imported is lower than it is in France, Japan, the United Kingdom and the United States indicates how effective the TPAC has been. The percentage of noncertified wood in the Netherlands has dropped from approximately 80 per cent to 22 per cent at present.

A recent study (ibid.) shows that the Dutch procurement policy can be seen as exemplary, especially because it reaches beyond the immediate suppliers. The policy is meant to raise public sensitivity to the subject and increase companies’ fear about receiving negative publicity. Since the certification schemes for construction companies also have an impact on internal management processes, they also seem to make it easier for companies to make company-wide changes. Both this study and interviews with construction company representatives indicate that the tendency to use certified wood has only increased in recent years.

We see that the Dutch government successfully works with non-binding steering instruments. Rather than enforcing certain behaviour, it tries to convince, stimulate and facilitate. Different elements of this mixed method and different emphases are used for the various sectors. For the construction sector, the technological knowledge is available, and the challenge is to develop and apply tools that motivate businesses to apply the technology. For retail, a wealth of knowledge is available, but businesses do not know what to apply, and the challenge is to find out what works well. Thus, this is a question of facilitating organisations. In international trade, the knowledge is rather scarce, and the Dutch government has developed an appropriate tool to stimulate businesses to invest and engage in the development of supply-chain programmes that are adequate and responsible.

7.3 Comment

The Dutch approach of using mostly non-binding and soft regulations seems to work very well. In this context, however, it is important to notice the three basic conditions that apply to the two sectors discussed in the examples above. First, the level of business engagement heavily depends on the level of technological knowledge. The better the government knows how to prevent irresponsibility, the better it is able to enforce adherence to standards. The less it knows, the more dependent it is on the respective business partners to provide and develop knowledge in this field. In this case, collaboration—which has traditionally and historically been a key feature of Dutch society—is crucial, especially given the need for collective action in order to cope with the country’s unique geographical conditions.
Furthermore, the commitment of the respective businesses to CR makes or breaks the entire project. Given the outwardly oriented tradition of the Dutch economy, many businesses share the belief that CR is necessary for a common future. Paul Pohlman, for example, the current CEO of Unilever, told the Financial Times\textsuperscript{347} in 2010 that only companies that promote sustainable production and consumption “have a right to exist.” “It’s not either results or responsibility,” he continued. “It’s doing good and doing well, which I don’t see as a trade-off.” In this case, a responsible and insightful top-executive is explicitly promoting CR issues. However, the shareholder orientation still is a dominant idea amongst managers who place profitability above societal interest. When thus dealing with less insightful businesspeople, more directive-based approaches appear more appropriate, especially when it concerns industries in which CR solutions are not being actively pursued.

References


\textsuperscript{347} www.ft.com/cms/s/0/fa865f42-3ff3-11df-8d23-00144feabdc0.html#axzz1qXliQHwpA.


In addition to those cited, other documents and websites were also consulted, such as industry association websites and those of government departments. All websites were verified on March 23, 2012.
8. Sector-specific Corporate Responsibility in Poland

Janusz Reichel

Summary

The original roots of the development of corporate responsibility (CR) in Poland differ from those of countries with long-standing market economies. Nevertheless, the current debate and practice relate fully to what is happening in this field in Europe, and Poland’s accession to the European Union has proven to be an important milestone in this development. Many Polish companies implement CR, there are many organisations that support companies’ CR-related efforts, the public sector is becoming more active in its promotion of CR in general, and the Polish government is currently working on a national CR policy. There are also examples of sector-specific CR initiatives, most of which are relatively new. However, there is no overarching framework or strategy for promoting sector-specific CR, even though various public-sector institutions are actively involved in some of them.

8.1 Corporate Responsibility in Poland

8.1.1 General CR context

Poland is a success story among the countries of Central and Eastern Europe that began transforming their economies in 1990 (OECD 2010b: 210). During the economic crisis, the Polish economy has remained strong and been less affected by the global recession than other OECD countries and especially those in Eastern Europe (OECD 2010a: 11). As a result, the country has been one of the best economic performers among OECD nations in recent years and the only EU member state to maintain economic growth throughout the financial crisis. Even in cases where a crisis-related slowdown may be occasionally observed, it does not mean that the situation of that particular sector is bad.
The turning point in the public sector’s level of engagement in the CR debate came in 2004, when Poland gained accession to the European Union. EU funds have created opportunities for launching various CR-related projects, mainly on the regional level. These changes and possibilities have triggered public discourse about the responsibilities of businesses. The Ministry of Labour and Social Policy has been an outstanding example in this respect. It initiated the first informal intergovernmental working group on CR in 2006 (UNDP 2007: 23). Government representatives have also actively participated in different EU institutions and bodies, such as the European Commission’s High Level Group on Corporate Social Responsibility.

The roots of CR and its expansion in Poland are partly different from those that characterise Western countries with long-standing market economies. For decades, the communist regime in Poland excluded private forms of business activity for ideological reasons. In Poland, the concept of CR as a more humane form of market capitalism helps overcome old stereotypes held during the period of communist rule. The development of a market economy has made it necessary for society to understand and accept business as an important element in the social fabric (Reichel and Rudnicka 2009: 131). In Western countries, CR has primarily resulted from public outcry regarding corporate misbehaviour, such as environmental disasters or corruption. In Poland, however, CR appears to have been instead an adoption of Western models after the country’s period of transition.

A strong impulse for this adoption came from the multinational corporations that brought in know-how and good practices when they started setting up subsidiaries in Poland. This development introduced different forms of corporate governance and CR into the Polish business environment. At the same time, internationally known initiatives and organisations started launching operations in Poland almost at the beginning of the country’s transitional period. For example, the International Business Leaders Forum (IBLF) has been active in Poland since 1993. Furthermore, Poland launched its local network of the UN’s Global Compact initiative348 in 2001, and it now has over 60 participants.

The influence of global trends can be observed in the current CR discussion. One of the main issues is, for example, the concept of shared value. The subject was also presented during events that took place while Poland held the rotating EU presidency between July and December 2011, such as a CR conference held in Gdansk in September 2011.349

The slow but continuous development of CR in Poland accelerated about a decade ago. As described in a study from 2007, the stage of CR development that began in 2003 can be treated as a period of rising interest in it (UNDP 2007: 22). While many corporations run their own CR programmes, the con-

348 www.globalcompact.org.pl.
cept is also actively promoted by nongovernmental organisations (NGOs), employers’ organisations, labour unions, public and private universities, and consulting companies. Public media sources present CR rankings in addition to giving out awards and holding contests. The public sector is also active at both the national and regional levels. However, despite the involvement of so many actors, CR still needs to be incorporated into the mainstream of Polish society in a more systematic way (UNDP 2007: 9).

As mentioned above, Poland’s accession to the European Union in 2004 was significant. For example, EU regulations, such as those related to the Eco-Management and Audit Scheme (EMAS), had to be incorporated into Polish law. Since then, the Ministry of Environment has promoted environmental management systems (EMSs), and a growing number of enterprises have been implementing and maintaining them, based on ISO14001 or EMAS standards.

According to a study jointly conducted by the Forum Odpowiedzialnego Biznesu350 (FOB), the World Bank and the Akademia Rozwoju Filantropii w Polsce,351 Polish companies’ level of motivation when it comes to embracing CR has not changed substantially over the course of the last decade. The research, which was conducted among the largest Polish corporations, shows that, in 2003, Polish companies started including social issues in their agendas for a number of reasons: to enhance their image and reputation, to improve cooperation with elements of the local community, out of a sense of civic duty, owing to the personal values of individual businesspeople and to foster long-term relations (FOB 2003: 13).

In 2010, these results were partially repeated, and the most frequently cited factors were again: to enhance the company’s brand and image and improve cooperation with elements of the local community and, less often, to pursue long-term interests and increase the company’s value (GoodBrand 2010: 21). In general, companies have started thinking in the long term and broadening their view of CR so as to see it as something more than just engaging in philanthropic activities. Indeed, these days, social responsibility is more often viewed as part of an organisation’s strategy.

Multinational enterprises (MNEs), trade partners and sectoral organisations (primarily from EU member states) were the main drivers bringing the issue of CR and its related expectations to Poland (UNDP 2007: 9). At first, there were only a few Polish organisations that helped introduce CR in Poland. The most important among them were NGOs, such as the FOB, and academic institutions, such as the Centrum Etyki Biznesu (CEBI).352 The FOB is still the most active organisation in this field. It supports business partners

---

350 Responsible Business Forum (www.odpowiedzialnybiznes.pl).
352 Centre of Ethics in Business (www.kozminski.edu.pl/pl/katedry/cebi/cebi/).
(mainly the largest corporations operating in Poland) in their efforts to develop CR strategies in addition to facilitating dialogue and the exchange of know-how and good practices. In 2002, the FOB became the first non-EU national partner of CSR Europe.

While external factors (e.g., MNEs and trade partners) were mentioned as the main drivers of CR in Poland a few years ago (ibid.), the unique contribution of Polish actors has recently become equally important to its development in Poland. Apart from the Ministry of Economy and the FOB, employers’ organisations have also contributed to this development. This has also been the case with several public bodies devoted to economic and social issues, such as the Urząd Ochrony Konkurencji i Konsumentów (UOKiK), the Komisja Nadzoru Finansowego (KNF) and the Generalny Inspektor Ochrony Danych Osobowych (GIODO) (WST TWP 2010).

With the 2009 formation of the Group for CSR, the Ministry of Economy heralded the beginning of more continuous commitment on the part of the public sector. The new body has four working groups that respectively deal with: the promotion of CR in Poland, responsible investment, CR education and sustainable consumption. The main aim was to prepare recommendations for new strategic documents being prepared by the Polish government. Although this task has been fulfilled, all of these groups are still active and function partly as stakeholder forums oriented to their subjects and industries.

There are many initiatives that aim to raise awareness of CR, though these are often dispersed. In recent years, numerous publications have been released and studies conducted. There is a broad range of CR training opportunities available, and many related conferences are organised. The leading role in these efforts is played by universities and, by developing new courses and postgraduate studies on CR, they have accelerated the education of new specialists in the field. In addition, the introduction of the “RESPECT Index” on the Warsaw Stock Exchange can be mentioned here since it also plays a role in promoting CR.

Furthermore, Polish companies have adopted various international CR standards and participate in numerous international CR initiatives. This has been aided by the fact that information and important documents regarding these standards and initiatives have been translated into Polish. For example, thanks to the joint efforts of some businesses and consultancy firms, the guidelines of the Global Reporting Initiative (GRI) and the AA1000 standards of AccountAbility are now available in Polish. The Ministry of Economy has also co-funded the translation of the ISO 26000 guidance on social responsi-

---

bility into Polish. However, in general, it must be said that public-sector communication related to CR is still rather weak.

More dialogue and cooperation between stakeholders has been taking place in Poland, especially within established dialogue platforms, such as the Group for CSR and its working groups at the Ministry of Economy. In this process, there has been a noticeable increase in the role played by employers’ associations, labour unions, NGOs and academia. The Regional Council for Corporate Social Responsibility, which is affiliated with the government of the Upper Silesia region, is an example of CR partnering and an awareness-raising initiative at the regional level.

A parallel development has been seen in the field of corporate governance. The growth of the Warsaw Stock Exchange has made it the most significant market in Central and Eastern Europe. The “Principles of Good Practice in Corporate Governance” for public companies listed on the Warsaw Stock Exchange were adopted in 2002.

Different initiatives based on soft regulation have been introduced into the market, such as EMAS regulations and codes of good practices. These have included ones oriented towards specific sectors and subsectors as well as ones dealing with the issue of corporate governance. By contrast, some CR-relevant areas are regulated by Polish laws presenting specific solutions, such as legislation concerning public-private partnerships, NGOs and social economy organisations. Social and environmental criteria for public procurement are also included in the regulations. Exclusion from public tenders and projects involving EU funds is an example of a specific regulation introduced by the Urząd Zamówień Publicznych (UZP), a regulatory body. If employers do not pay social benefits and wages on time, they are excluded from both (Ministerstwo Gospodarki 2008: 98).

Although there is no general policy on sector-specific CR, there are a few initiatives. For example, the public sector strongly supports the Odpowiedzialna Energia initiative implemented by the companies PGNiG and PwC as well as the task force set up by the Urząd Regulacji Energetyki (URE) to research corporate social responsibility in Poland’s energy sector. Another initiative, Koalicja CR, was launched by Pracodawcy Rzeczypospolitej Polskiej, which successfully implemented an EU-funded project addressing six sectors: pharmaceuticals, fast-moving consumer goods (FMCGs), financial services, construction, fuel/energy and telecommunication. Although the public sector has not been involved in this initiative, it is worth noting that EU financial resources have been dedicated to sector-specific CR activities.

---

357 Responsible Energy (www.odpowiedzialna-energia.pl).
359 Coalition for Responsible Business (www.koalicjacr.pl).
360 Employers of Poland (www.pracodawcyrp.pl).
8.1.2 Sector-specific corporate responsibility in five industry sectors

8.1.2.1 Chemicals and chemical products

After the Polish economy’s period of transition, this sector attracted many foreign investments, mainly due to the well-qualified and low cost labour force. Furthermore, quick and successful changes—in terms of both restructuring and privatisation—played a pivotal role. As is the case in many other countries, the chemical industry in Poland is a starting point for developments in other sectors, and its products are purchased by clients in a wide range of sectors, including those for engineering and metalworking, electronics, paper and printing, textiles and clothing, and agricultural (Ministerstwo Gospodarki 2011: 152). The GVA share of the Polish chemicals sector was approximately 1.3 per cent in 2006 (OECD 2010c: 651), while it employed about 0.8 per cent of the total workforce in 2008 (ibid: 655). The number of companies and the level of employment have remained fairly stable despite the financial and economic crisis, which triggered a production slowdown in the industry (GUS 2011: 108). The situation of the chemical industry in Poland improved in 2010 (Ministerstwo Gospodarki 2011: 151–152).

The Polish public tends to view the chemical industry as being very disruptive and poisonous to the environment. Although this has to do with its very nature, it also derives from how the industry showed little regard for human safety and environmental protection during the communist era. To overcome this negative heritage, in 1992, the Polska Izba Przemysłu Chemicznego (PIPC)361 industry association launched its Odpowiedzialność i Troska programme for Poland, which is part of the Responsible Care initiative of the global chemical industry.362 At the moment, 38 Polish companies are voluntarily participating in the programme, which aims to contribute to sustainable development while improving the companies’ environmental performance and protecting the health of their workers (Ministerstwo Gospodarki 2011: 152).

8.1.2.2 Construction

In Poland, there remains a need to develop infrastructure, whether in terms of suitable roads and bridges or the “few million apartments” needed to meet demand (Skorupka 2008: 120). With the help of EU regional and cohesion funds, Poland has been able to launch large infrastructure projects. Taken together, these needs and the funding opportunities have created a solid foundation for the development of the construction sector. The share of the Polish economy made up by the construction industry is stable. The GVA generated in the industry accounted for about 7 per cent of total GVA in 2010. Furthermore, the sector has seen a roughly 4 per cent increase in turnover in recent

361 Polish Chamber of Chemical Industry (www.pipc.org.pl).
362 Responsible Care (www.rc.com.pl).
years (Ministerstwo Gospodarki 2011: 45, 183). The number of employees in the construction sector reached about 1.2 million in 2008, or about 7.6 per cent of the total workforce (OECD 2010c: 655).

Owing to the housing shortage in Poland and high demand for new apartments, the construction industry is perceived as having a hand in causing or perpetuating related social and economic problems. The number of new houses built in recent years has not been able to meet demand. Another problem is that demand does not necessarily result in more orders for the construction industry since real estate prices are relatively high and obtaining loans—both for potential home buyers and developers—has become difficult in the wake of the financial crises (Ministerstwo Gospodarki 2011: 182).

The huge infrastructure projects financed with EU funds are carefully monitored by the public and the media. They are sometimes executed in ways that trigger debate and raise questions. Rather than undertaking these investment projects themselves, the companies that win tenders often hire subcontractors to do so. The latter also outsource their work and subcontract the projects even further. In the end, the fact that the final contractor receives so little for his work raises doubts about whether the task can even be performed without violating industrial quality or labour standards. It is also unclear just how much health and safety regulations are respected. What’s more, since many construction workers have left Poland to work in other European countries, it often happens that illegal immigrants or workers without employment contracts are hired.

8.1.2.3 Wholesale and retail trade
This wholesale and retail trade (WRT) sector is one of the most important in the Polish economy on account of its 18 per cent share of GVA. It is even more significant because it accounts for approximately 28 percent of all enterprises in the country. Of these, 96.7 per cent are microenterprises with fewer than 10 employees. The total number of employees in the sector is stable, with the average being more than 1 million persons. This accounts for not only about 7 per cent of total workforce, but also for over 20 per cent of those working in enterprises (ibid.: 95, 189). The Polish retail trade market is characterised by a very large number of retail stores relative to the numbers in most EU countries. There are over 350,000 of them (ibid: 194).

Some of the most discussed issues regarding this sector are workers’ rights (especially those of hypermarket employees) and consumer information. The latter is especially tied to the practice of “refreshing” food expiry dates or adding inappropriate ingredients to products. A recent scandal erupted after it was discovered that some wholesale enterprises had been selling industrial salt for food production (Gazeta Wyborcza 2012). There are also issues related to the smuggling of goods, including illegal ones (e.g., animals and products protected by the CITES convention on the trade in endangered species).
On the other hand, a growing consumer movement and awareness regarding sustainable consumption has enhanced the market for organic, eco-friendly and fair trade goods. Within the sector, there are some initiatives and partnerships that focus on fair trade and South-North trade relations (e.g., the Fair Trade Coalition and the Clean Clothes Polska campaign, a regional chapter of the global campaign). Other awareness-raising initiatives address issues such as fair operating practices and responsible consumption. Two examples are the Kupuj odpowiedzialnie! campaign and the activities of the working group on sustainable consumption within the Ministry of Economy.

There is a wide variety of regulations, such as ones having to do with employee and consumer rights and environmental protection. In response to EU recommendations on sustainable procurement, new social and environmental criteria are being introduced in the form of mandating initiatives. But the government’s actual involvement in this area is still relatively meagre (Przetargi Publiczne 2009).

8.1.2.4 Information and communication technology

The information and communication technology (ICT) market in Poland generated nearly PLN 26 billion in 2010, which represents a year-on-year increase of 5.8 per cent, and there are more optimistic expectation for the very near future (Olszynka 2011a: 2). Poland is the largest telecommunication market in Central Europe in terms of total service revenue, and it accounted for 35 per cent of the telecommunication services market in Central and Eastern Europe in 2010 (ibid.). There is significant growth in the overall ICT sector, and cellular telephony is the fastest-growing segment of the telecommunication market (Blue Ibex 2005: 245). The main operators on the market are subsidiaries of foreign companies, such as Deutsche Telekom, Vodafone and France Télécom. According to official information, in 2009, Polish telecommunication companies spent almost half of their budgets on innovation-related investments. In this context, the sector ranks first in the country (Ministerstwo Gospodarki 2011: 195).

When it comes to fixed-line telephony, the main problem has been the lack of competition. Entry to the market has been blocked for years by Telekomunikacja Polska SA (TPSA), the now-privatised former state monopoly. The telecommunication sector is regulated by the Urząd Komunikacji Elektronicznej (UKE), which has been proactively addressing the biggest players and

---

364 www.cleanclothes.pl.
367 No data on employment and GVA share in the ICT sector are available.
368 The company was rebranded as Orange in April 2012 (www.orange.pl).
has succeeded in forcing the monopoly to change its approach. The UKE’s strong regulations target telecommunication companies and address corruption, monopolisation, fair competition and the fair treatment of customers.

In 2010, the UKE’s president launched a certification scheme for telecommunication services that primarily aimed to ensure the best protection of users. The following certificates are available: the Fair Transfer Certificate, the Certificate of Safer Internet, the Safe Phone Certificate, the Senior Certificate, the Certificate of No Barriers and the Premium Rate Fair Play Certificate (UKE 2011).

Digital exclusion can be treated as one of the issues that have been constantly changing for the better. Improvements primarily need to be made in terms of offering access to broadband Internet, especially in rural areas. One of the exemplary initiatives dealing with digital exclusion is Dojrz@ość w sieci,370 which has seen businesses, NGOs and other agencies and institutions unite to encourage older people to actively use the Internet. The project is under the patronage of the UKE.

The important actors in the Polish telecommunication market (especially TPSA) currently have their own CR policies and publicise their social engagement. Some of these companies are present in CR rankings in Poland and have even gained good positions. Their activities mainly concentrate on ensuring user safety (e.g., data security and protecting children from inappropriate online content) and facilitating access (e.g., funding computer laboratories, especially in rural areas, and supporting free phone lines for emergency purposes). Some of them are members of the Porozumienie na rzecz bezpieczeństwa dzieci w Internecie (see Section 2.3).371

8.1.2.5 Financial services
The level of concentration in Poland’s financial services sector is slightly above the EU average. However, considering the number of operating credit institutions, the Polish banking sector is one of the largest in Europe. Its structure is typical for new EU member countries with a very high level of foreign investment (Wiśniewska 2010: 31). At the end of the first decade of twentieth century the financial sector’s share of GVA was about 4 per cent, and it accounted for between 2 and 3 per cent of the total labour force (EIU 2010: 10). While banks, investment funds and brokerage offices are the key institutions in the sector, commercial banks are the most important in terms of the value of their assets and the number of entities. In 2010, the value of their assets amounted to over PLN 1.65 trillion, or about 12 per cent more than in 2009 (NBP 2011: 8).

370 “Coalition for the Digital Inclusion of the 50+ Generation M@turity in the Net” (www.dojrzaslosciwsieci.pl/english.html).
Poland’s financial sector also experienced a slowdown due to the crisis and the financial disturbances around the world. However, the crisis was not as severe in Poland as it was in other countries, and expectations for the very near future are relatively good. The fact that Poland has a very well-regulated financial market significantly helped it during the international financial turmoil (EIU 2010: 10).

The Komisja Nadzoru Finansowego (KNF) is the main regulatory body for the Polish financial market, and its performance is highly rated by society. The whole market is relatively free of scandals (EIU 2007: 38). The KNF introduced Kanon Dobrych Praktyk Rynku Finansowego is an example of a soft-law initiative (see Section 2.2). Another example is the Dobre Praktyki Spółek Notowanych na GPW, whose corporate governance principles were introduced on the Warsaw Stock Exchange in 2007 and are obligatory for listed companies.

It is quite often the case that banks and other financial institutions perform very well in different CR rankings and contests (e.g., the BI-NGO index). All large banks have and publicise their own CR policies. There is a very broad range of CR activities, including ones that entail providing economic education and participating in community-involvement initiatives. To a certain degree, the banks and their CR policies have led the public to view the financial sector as being socially engaged and capable of communicating well.

The socially responsible investments (SRI) market is developing slowly in Poland. There is a growing interest in the subject, and the assets of SRI funds are increasing. Some institutions are starting to offer investments in responsible funds (e.g., the bank SKOK offers two such products). The RESPECT Index on the Warsaw Stock Exchange, which measures and validates levels of responsible management, is currently comprised of 23 companies. However, despite these initial steps towards SRI, there is still not much interest in it on the market. SRI only accounts for €1 billion, or about 0.3 percent of total financial assets under management in Poland (Eurosif 2010: 45).

As mentioned above, in 2009, the Ministry of Economy established the Group for CSR and its working groups, one of which focuses on SRI and serves as a stakeholder forum. Although its original task was to prepare recommendations for related public policy, the SRI working group currently has expanded the scope of its activities behind this main purpose and acts successfully as a CR-promoting body within the sector. Its aim is to boost interest

---

in SRI on the financial market. Representatives of banks, investment funds and analysts were invited to join the group. International experts also participate in the group’s monthly meetings, at which new issues are presented and discussed. The group also performs analytical work. As new persons and institutions have become interested in participating, the group has continued to grow.

8.2 Illustrative examples of Sector-specific initiatives

There are few sector-specific initiatives in Poland. Of these, only a handful were initially launched by public-sector institutions or with their active participation. The KNF financial supervision authority actively creates the framework for the financial sector on the basis of soft-law regulations. However, it is more often the case that public-sector organisations join existing initiatives with the encouragement of other industry bodies, such as companies. Two of the next three cases represent such examples. One regards the Ministry of Environment’s involvement in implementing a Responsible Care programme in Poland, while the other discusses the *Porozumienie na rzecz bezpieczeństwa dzieci w Internecie* coalition for child online safety formed by companies, NGOs and public-sector organisations.

8.2.1 A global commitment on the national level: Odpowiedzialność i Troska (chemical sector)\(^\text{378}\)

*Odpowiedzialność i Troska*, the Responsible Care (RC) programme in Poland, is an interesting example of how an international initiative has been used by a national public body to influence the performance and image of the country’s chemical industry. It started to operate in Poland in 1992 thanks to the sector association PIPC\(^\text{379}\), which continues to be responsible for its supervision. The programme currently has 38 participating companies (Ministerstwo Gospodarki 2011: 152). Although this might not seem like a large number, it represents 15 per cent of the medium-sized and large companies in the sector (GUS 2012). The programme is open to all enterprises within the chemical industry, but it generally attracts only larger companies. Small companies, on the other hand, tend to be too focused on survival and everyday business operations.

After being invited to become a founding member, the Ministry of Environment has participated in the RC initiative from the very beginning. It is one of several stakeholders that participate in the initiative, most of which are

---

378 The following information is, inter alia, based on an interview with Małgorzata Typko, Counselor of the Minister at the Department of Air Protection in the Ministry of Environment and Chairwoman of the Chapter of the Responsible Care Programme in Poland.

Sector-specific Corporate Responsibility in Poland

there as observers. The Ministry’s role is to supervise the RC programme in Poland, to promote it and to plan its goals for the coming years. The chapter is currently headed by a Counsellor of the Minister at the Department of Air Protection in the Ministry of Environment.

The Ministry of Environment sees its involvement in the programme as part of its duties related to environmental protection and its activities aimed at promoting environmental management systems, such as those embodied by the EMAS. At a fundamental level, the ministry acts as a lender of credibility. It delegates a person to the programme’s supervisory body and is involved in particular activities organised under the aegis of the Responsible Care programme, such as the annual conference on environmental protection attended by representatives of the chemical industry. At these conferences, ministry official act as speakers, and the ministry serves as the honorary patron of these and other events. However, the ministry does not contribute to the programme’s budget.

There are many initiatives developed under the aegis of the Responsible Care programme. The main advantage of the programme is that it inspires many other initiatives, such as those that help companies reduce their environmental impact while cutting costs and others that educate pupils and students. This educational aspect of the programme is very important. It helps raise awareness about the chemical industry and foster a positive image of the sector within Polish society. Since the Polish chemical industry does not enjoy a very positive reputation, and because change requires time, this is one of its most important challenges.

There are ongoing efforts to promote the programme among other companies within the chemical industry. These efforts include the dissemination of information about it as well as promoting it through publications, the media, contests and awards. The programme’s secretariat also serves as an advisory body to new companies and discusses the benefits of joining the programme with them. The programme has a website and an electronic newsletter, and it actively collaborates with the larger Responsible Care initiative at the European level.

The programme’s main challenge in Poland is the fact that companies have numerous obligations related to environmental protection and that their economic situation often does not allow them to engage in additional voluntary initiatives. This is also true when it comes to implementing environmental management systems. Company executives fear that certificates, audits and the like will only increase costs.

At the moment, efforts are mainly focused on decreasing bureaucracy related to participating in the programme and changing the frequency of audits. It is also important to find the most effective methods for encouraging com-

Illustrative examples of Sector-specific initiatives

Companies to participate in the programme. The Ministry of Environment expects that a general improvement in the economic situation will boost companies’ willingness to participate and cause the programme to grow.

The initiative creates an annual report on its actions that is based on an internal evaluation. Actions performed by members of the programme and under its scope have had environmental positive impacts. Of the 316 goals announced for 2010, 81 per cent were completely met and the rest partially so. The greatest proportion of the met goals (100) involved improvements in process safety and working conditions (PIPC 2011: 14), which in turn reduced risks and negative environmental impacts. Furthermore, 28,000 children took part in the seventh round of the “Tree for a Bottle” (“Drzewko za butelkę”) recycling campaign, which was organised in 2010. As a result, 2.5 million bottles were collected, and almost 5,000 trees were planted (ibid.: 4).

Moreover, the Polish RC programme funds the Ecological Academy of Skills (Ekologiczna Akademia Umiejętności), a training programme for teachers. This training is based on a series of meetings with a select group of educators and business representatives. The latter present organisational issues and legislation on waste management, air pollution and water pollution from the perspective of businesspeople. A survey of 70 people who participated in the second round of the training programme found positive changes in their perception of chemical companies (ibid.: 7).

8.2.2 Principles for good market practices: Kanon Dobrych Praktyk Rynku Finansowego (financial services)381

The regulatory body KNF launched the Kanon Dobrych Praktyk Rynku Finansowego initiative in 2007.382 The canon is a soft-law initiative comprising 16 KNF-recommended principles for the financial market. These principles target issues such as performing due diligence, inspiring consumer confidence, preventing conflicts of interest, protecting client information and promoting fair competition. Its main goal is to protect customers of financial services and balance the asymmetric distribution of information between financial institutions and their customers.

The canon was created as part of a multi-stakeholder process involving 30 organisations. These were mainly chambers of commerce from the financial market as well as public consumer-protection institutions, such as the Urząd Ochrony Konkurencji i Konsumentów (UOKiK)383 and the Krajowy Depozyt Papierów Wartościowych (KDPW),384 which monitors the functioning of the mar-

---

381 The following information is, inter alia, based on an interview with Dominik Stanzy, an official from the KNF’s Legal Department.


384 National Depository of Securities (www.kdpw.pl).
In 2008, after one year of collaboration, the KNF presented the final draft of the canon to all financial institutions. The document and the initiative as a whole are geared towards all financial-market institutions that can voluntarily become signatories through a voluntary commitment to the practices mentioned in the canon. The KNF encourages all financial institutions to adhere to the canon’s principles. At present, 17 institutions claim to adhere to the code. Two NGOs, the Polski Instytut Dyrektorów (PID) and the FOB also abide by the code even though they are not under the KNF’s supervision.

Poland’s government has played a dual role in supporting the initiative by coordinating and providing expertise. The KNF has coordinated the initiative and hosted all of its activities and meetings. Moreover, this regulatory body collects information and keeps itself very well-informed about the market. For example, customer complaints are directed straight to the KNF. This information helps it accurately determine the sources of risks and undesirable behaviour. At the same time, the canon has led to an increase in the number of subsector-oriented projects that are better aligned with company needs. There are already many subsector-oriented good practice codes in the Polish financial market that address bank assurance and brokerage houses. Many of those codes were drafted in consultation with the KNF.

The initiative is limited by the fact that its number of signatories is still very low. Likewise, membership varies across subsectors. For example, while financial-advising companies are among the most common members, only a few big banks (with the exception of cooperative banks) participate.

In September 2011, the KNF organised a conference on the canon. During this meeting with the majority of the initiative’s 30 founding members, some new ideas came into being that strengthen this trend towards forming subsector-oriented codes of conduct. The whole initiative probably will evolve into one that develops subsector good practices with more KNF engagement. Additionally, the KNF anticipates that the canon might become a sort of preamble to all these separate codes of good practices. Indeed, this has already happened to a certain extent: There are chambers of commerce that include this canon as a preamble to their own documents on good practices. For example, the Związek Banków Polskich (ZBP) and the Konferencja Przedsiębiorstw Finansowych w Polsce (KPF) have drafted their own subsector codes. By being more comprehensive and detailed, these documents deal with outlined supervision procedures in a more precise way.

385 Polish Institute of Directors (www.pid.org.pl).
386 However, government bodies have not financially contributed to the initiative. The formulation of the subsector good practice codes was completely funded and organised by the respective chambers of commerce.
387 Polish Bank Association (www.zbp.pl).
388 Conference of Financial Companies in Poland (www.kpf.pl).
The KNF is satisfied with the current development of the initiative, which it has evaluated internally. Likewise, close collaboration with financial-market institutions has shown that there is a future for the development of subsector-oriented codes of good practices. From the current perspective, the canon seems to have played a central role in drawing the attention of financial institutions to certain problems that both they and society face.

The KNF is very interested in continuing the initiative and its development. It intends to continue helping chambers of commerce prepare their own good practice codes and to work on new ways of promoting those codes.

8.2.3 Promoting responsible Internet use: *Porozumienie na rzecz bezpieczeństwa dzieci w Internecie (ICT)*

At the moment, there has been a broad trend on the European level that sees ICT companies engaging in efforts to promote child safety on the Internet. In 2012, the ICT Coalition for a Safer Internet for Children and Young People drafted a document entitled “Principles for the Safer Use of Connected Devices and Online Services by Children and Young People in the EU”, which covers a set of good practice principles for the ICT field (Telefónica 2012). Although this was part of an EU initiative, it is worth noting that similar initiatives had previously been launched at the national level. The one discussed below was launched in Poland’s telecommunication sector.

In 2009, telecommunication companies in Poland, together with other stakeholders from the public and social sectors, formed the *Porozumienie na rzecz bezpieczeństwa dzieci w Internecie*, a coalition for child safety on the Internet. In addition to telecommunication companies, cable TV companies, Internet service providers, trade associations, NGOs and public bodies are also involved. The *Urząd Komunikacji Elektronicznej (UKE)*, the *Pełnomocnik Rządu do Spraw Równego Traktowania* and the *Generalny Inspektor Ochrony Danych Osobowych (GIODO)* participate in the initiative on behalf of the public sector. The coalition’s main goal is to educate parents, other adults and children who use the Internet about safety issues, such as parental controls, privacy, abuse and misuse, illegal content and contacting, and other important problems.

This initiative had 12 original signatories when it was launched in 2009. In the meantime, this number has grown to 20 and is expected to grow even further. Through this initiative, the signatories have created an online platform to empower discussion and have helped undertake efforts related to...
the issue. What’s more, some of these companies already were and still are involved in similar activities and projects in the field. According to its spokesman, this initiative is meant to supplement already existing activities and to serve as a platform for discussion and the exchange of good practices. The coalition does not monopolise activities devoted to child safety on the Internet, and participating organisations have their own policies on this subject. Members can, however, use the platform as a vehicle to promote and communicate their own initiatives.

The idea of forming the initiative came from telecommunication companies and, in particular, from informal meetings of senior staff members of these companies. From the beginning, it was clear that the intention was to engage other stakeholders from the public and the nonprofit sectors, and the UKE, the public regulatory body for the sector, was among its earliest signatories. However, the latter’s involvement has entailed much more than just patronage, as its staff has assisted in content creation, disseminated information, performed some operational tasks and provided additional organisational input. Owing to the involvement of other public bodies, meetings were organised in the Prime Minister’s Office for a certain period of time, which lent the initiative even greater legitimacy.

The initiative is voluntary and open to new signatories. Institutions already involved decide on whether to accept the applications of new organisations. The motivation to enter is not based on reactions to any legal requirements. Rather, the main advantage of joining is the collaboration itself and the opportunities it creates for its signatories. The issue of child safety is a delicate matter, and companies in Poland very often perform their related activities within the scope of CR programmes (Forum Darczyńców w Polsce 2008: 64–67).

The initiative’s budget is not stable. When a certain activity is planned, different duties are divided among various partner organisations. The structure is informal, and there has been some discussion regarding whether it needs to be formalised. The whole initiative operates as merely an agreement between partners and on the basis of documents that establish the partnership.

According to its spokesman, it might have been useful to tackle some procedural questions at an earlier stage, such as whether the initiative needs a formal structure, what would be the best legal form if this were the case, what budget is necessary, how to generate the budget and how to draft procedures for adopting new organisations and letting others cease their involvement in the initiative. Still, formalising the initiative during its early stages might have also been dangerous because it could have adversely affected its impetus and flexibility. By now, however, the initiative finds itself in a transitional period.

One possibility for the initiative’s evolution entails joining a similar initiative on the European level, such as the one mentioned in the beginning of the section. Indeed, the activities performed by the coalition are already in tune
with those of the European Union’s Safer Internet Programme, which aims to
protect children and young people by raising awareness and fighting illegal
and harmful online content and conduct.\textsuperscript{395} Likewise, some coalition activi-
ties have already been conducted in collaboration with Insafe, a European net-
work of “awareness centres” promoting the safe, responsible use of the Inter-
et and mobile devices to young people. As part of this, the Polish Safer
Internet Center was established in 2005 by one of the later organisations to
join the coalition.\textsuperscript{396}

According to its backers, the initiative has performed very well so far. It
attracts many big companies from the sector and enforces efforts to assure
safety for children surfing online. The publications, manuals, workshops and
conferences offered by the coalition are very popular among teachers and par-
ents. In recent years, the president of the UKE has undertaken efforts related
to the certification of telecommunication services, citing among other reasons
the best protection of users. Likewise, a coalition member earned the certifi-
cate in the “Secure Internet” category in 2011.

Work on new, sector-specific solutions and initiatives in Poland has already
begun. Examples of initiatives launched exclusively by the public sector—
such as the cases of the KNF (sector and subsector codes of conduct) and the
UKE (certification of services in the telecommunication market)—are rare,
and it is easier to find initiatives in which public institutions are only one of
the actors involved. In some cases, such engagement is part of the general
mandate of the public institution, as was the case, for example, with the Min-
istry of Environment and its involvement with the Polish branch of the Re-
 sponsible Care initiative. In other cases, such as with the online-safety coali-
tion discussed in this section, they only legitimise the activities carried out by
others.

\textbf{8.3 Comment}

The initiatives presented in this report are part of the dynamic growth in CR
currently taking place in Poland. However, since these are only initial at-
tempts at having sector-specific initiatives, their performance may still be far
from perfect. In any case, from a broader point of view, there is still much to
be done, and CR practice needs to be further developed. This requires changes
in many patterns of business behaviour as well as in the attitudes of the gov-
ernment, public institutions and society towards industry in general. The rest
of the negative heritage of the communist regime should be overcome.

\textsuperscript{395} \url{www.ec.europa.eu/information_society/activities/sip/index_en.htm}.
\textsuperscript{396} \url{www.saferinternet.org/web/guest/centre/-/centre/poland}. 

195
Public authorities in Poland are beginning to understand the importance of CR for socioeconomic development. What’s more, they are learning how to use different tools to encourage companies under their supervision to take into account the social and environmental aspects of their activities. Government efforts to promote CR to all enterprises and other stakeholders are conducted at the national level and, increasingly so, at the regional level, as well. However, merely promoting general CR concepts has considerable limitations. Although it is very important in terms of fostering general awareness, it does not offer answers to the specific questions and problems of the various industrial sectors.

In my opinion, the emergence of sector-specific initiatives results from the internal problems and characteristics of individual sectors. These can trigger action from regulatory bodies, legal authorities and civil society organisations, and they sometimes create a willingness among different companies and their stakeholders to work together to improve the particular sector’s image, competitiveness and innovativeness. Through partnering, the latter leads to the creation of soft-law regulations or voluntary initiatives. The market welcomes this type of initiatives more than strict mandatory solutions because employers’ associations struggle to keep CR something that happens on a voluntary basis. Still, it is probably inevitable that some future developments will also have a mandatory nature, particularly when it comes to labour practices and non-financial reporting. Similar trends can already be observed in other countries.

References


Olszynka, Paweł (2011a). IT market in Poland to see double-digit growth in 2011. PRM Publications.


9. Sector-specific Corporate Responsibility in Spain

Marta de la Cuesta González and Eva Pardo

Summary

The private sector has traditionally led the way in fostering CR in Spain. Listed Spanish companies or Spanish affiliates of foreign multinationals have initiated the implementation of CR practices by themselves in order to improve their reputation and competitiveness in international markets and to be in a good position in social responsibility indexes. The government has assumed a partial role as a CR driver, either by promoting CR in general or by focusing on certain CR aspects without considering specific sectors. The role of CR was reinforced by the Sustainable Economy Law that came into effect in 2011. Apart from such general CR policies, various public actors in Spain have experience in promoting the responsibility of industrial sectors via a smart mix of various initiatives. In the aftermath of the economic crisis, companies are likely to reduce their CR initiatives in the near future. This increases the key role of government as a driver in promoting private-sector CR.

9.1 Corporate Responsibility in Spain

9.1.1 General CR context

Spanish companies are among the leaders when it comes to international CR standards. By March 2012, 909 Spanish companies had signed the “Ten Principles” of the U.N. Global Compact.397 Spain ranks second with regard to published CR reports, according to the Global Reporting Initiative (GRI 2010). This commitment to CR has made companies join different forums to share expertise and spread the notions of sustainability, corporate reputation and corporate responsibility, such as the “Corporate Excellence—Centre for

397 www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html.
Reputation Leadership”, 398 Forética399 and the Club de Excelencia en Sostenibilidad.400

However, behind these large figures lie three major challenges. The first one is to advance the application of these types of practices and their incorporation into companies’ core activities. The second refers to improving the quality of reported CR information to overcome deficiencies, such as those identified by Observatorio de Responsabilidad Social Corporativa.401 The last one is to extend CR practices throughout the value chain and among small and medium-sized enterprises (SMEs). Indeed, in terms of employee numbers, more than 99.7 per cent of Spanish companies are SMEs and 89.3 per cent are micro-entities with up to nine employees (INE 2011).

The private sector has traditionally led the way in fostering CR and corporate accountability in Spain. Listed Spanish companies or Spanish affiliates of foreign multinationals have initiated the implementation of CR practices by themselves. Spanish companies have done so in order to improve their reputation and competitiveness in international markets and to be in a good position in social responsible indexes, such as the Dow Jones Sustainability Indexes. The implementation of CR practices is related to the size of the company rather than to the sector they belong to.

When Spanish companies started implementing CR practices, national drivers were nearly nonexistent. Spanish consumers and investors have only recently started considering social and environmental criteria in their purchasing and saving decisions (Eurosif 2006, 2008, 2010).

With regard to the public administration, the first measures to promote CR at the national level were taken by the Spanish government in 2005, when the CSR Expert Forum of the Ministerio de Empleo y Seguridad Social was formed.402 It was composed of representatives from public administration, business groups, social organisations and a wide range of experts. That same year, a parliamentary subcommittee was created within the Committee of Labour and Social Affairs to promote the social responsibility of companies. These initiatives continued with the creation of the State Council on Corporate Social Responsibility by Real Decreto 221/2008, as a permanent multi-stakeholder forum made up of representatives from a range of backgrounds.403

The main achievement was the Sustainable Economy Law of May 2011. Some of this law’s provisions promote CR by creating incentives for compa-
panies—SMEs, in particular—to incorporate or develop CR policies. It also stipulates that the government shall provide them with a set of characteristics and indicators for their CR-related self-assessment as well as reporting models or references in accordance with international standards (Ley 2/2011: §39).

During this period, other national laws on CR issues have also been passed, such as the Law of Equality, which aims to guarantee gender equality on social and cultural dimensions with a special focus on labour issues, and the Law on Environmental Responsibility, which regulates some CR aspects. In fact, these two topics—the environment and equal opportunities for men and women—are the ones identified by the participants of the online expert survey as the ones that are most addressed by binding regulation (see Ch. 2.1).

Regarding local governments, some autonomous regions in Spain have developed their own CR initiatives that deal with social, environmental, financial and equal-opportunity policy aspects. The most important one is the 2010 CSR Law of Extremadura (Ley 15/2010) because this is the only regional case of a specific law that deals with CR from a holistic approach. However, other regions have also developed their own plans promoting CR, including Catalonia (2009), Valencia (2009), Navarre (2008) and the Balearic Islands (2008).

The most recent report on “the evolution of social responsibility among Spanish businesses” shows that, in 2010, 31 per cent of Spanish companies stopped carrying out CR activities as a direct consequence of the economic crisis, while about 65 per cent maintained or even increased their CR activities (Forética 2011). In its 2011 analysis, the Club de Excelencia en Sostenibilidad also shows that some companies consider the economic crisis a restraint on their investments in CR issues, as their managers or shareholders could perceive that such actions do not contribute to improving the company’s financial performance (Club de Excelencia en Sostenibilidad 2011).

There is currently great uncertainty about whether some of the CR initiatives that the government has launched in recent years will be continued. This is due to the change in power as a result of the elections on November 2011. The new government will be forced to prioritise its budgetary-consolidation efforts and measures to mitigate the negative effects of the ongoing economic crisis on the Spanish economy (OECD 2012). Although some members of the People’s Party, the party leading the new government, made reference to CR in public speeches, there was only one reference to CR in the 100 measures proposed in the party’s electoral programme. This reference mentioned promoting public-private commercial alliances and CR in development cooperation.

Among the CR-related initiatives that the new national government had taken by the time of this writing was the approval of a national law on transparency for public institutions and a payment plan to providers. The new Gen-
Sector-specific Corporate Responsibility in Spain

General Director for Social Economy and Corporate Social Responsibility\(^4\) states that the new CR actions of the government will be focused on CR among SMEs, on strengthening the relationship between CSR and Spain’s nation brand, and on setting a basic CR framework based on voluntary action.

The possibility of a generalised reduction in CR initiatives carried out by companies in the near future increases the importance of the key role governments play as drivers in promoting private-sector CR through a smart mix of initiatives.

9.1.2 Sector-specific corporate responsibility in five industry sectors

9.1.2.1 Chemicals and chemical products

According to the Observatorio Industrial del Sector Químico (OISQ)\(^4\) in 2010, the chemical industry was “one of the most relevant in the Spanish economy, generating 11.3 per cent of the Gross Industrial Product and more than half a million direct, indirect and induced jobs” (OISQ 2011: 3–5). The importance of these activities in Spain’s international trade is increasing, and it has the second-highest export figures in the Spanish economy after the automotive industry. This sector also leads in terms of investment in environmental protection and research and development (R&D), contributing 20 per cent and 26 per cent, respectively, of the total resources allocated by industrial companies in Spain (ibid.).

Public opinion on how this sector is responding to these challenges has improved in recent years. According to an OISQ study conducted in 2010 on public opinion of this sector, 53 per cent of those surveyed believe the Spanish chemical industry “tries its best to act in an ethical and socially responsible way” compared to how it did in the past. Furthermore, 59 per cent said that the companies in this sector “try harder today to control the pollution they produce” (OISQ 2010: 231–240).

National, European and international policy frameworks are currently the main drivers of improvements in the social and environmental aspects of this sector. International governance mechanisms, such as the industry’s global Responsible Care initiative and the EU’s REACH regulations, encompass the main environmental and social risks of the chemical sector related to the environment, health and work safety, and product responsibility. Among the most relevant pieces of legislation on CR issues for the Spanish chemical industry is Real Decreto 374/2001, which concerns the protection of the health and security of workers against risks related to chemical agents, and especially the REACH regulations of 2006 and their later modifications.

\(^4\) Subdirección general de la Economía Social y de la RSE (www.empleo.gob.es/es/organizacion/empleo/contenido/OM118.htm).

\(^5\) “Industrial Watch on the Chemical Sector” (www.minetur.gob.es/industria/observatorios/SectorQuimico/Paginas/miembros.aspx). Although this organisation doesn’t have an official abbreviation, OISQ will be use throughout this profile so as to avoid unnecessary repetition.
A partnering initiative started by the government is the OISQ, which will be analysed in greater depth below (see Section 2.2). It was created in order to strengthen the Spanish chemical sector, although it does not explicitly mention CR. However, due to this sector’s high environmental and social impact, some of the OISQ’s activities are directly related to the implementation of strategies concerning the environment, work conditions and product responsibility.

Other CR initiatives in this sector are those carried out by the Federación Empresarial de la Industria Química Española (FEIQUE), the Spanish chemical business federation. Since 1993, this organisation has managed the Responsible Care programme for Spain. FEIQUE has also recently published the first CR report on the Spanish chemical sector, in which it presents a detailed account of the sector’s progress in terms of CR. The report presents multiple indicators identified by industry experts and Forética. Out of 56 performance indicators, 45 were taken from the annual Responsible Care report (FEIQUE 2011).

9.1.2.2 Construction

The construction sector, together with the tourism sector, is still a main driver of the Spanish economy. In recent years, large construction companies have become more international and have diversified towards activities such as natural-resources management, the exploitation of concessions and energy production. This process of internationalisation has been accompanied by one of concentration, which has seen frequent mergers and takeovers. As a result, the sector has increased its impact at all levels: economic, social and environmental. This becomes even more evident when considering its role as a “locomotive” of economic activities that demands numerous goods and services.

According to the results of several studies (Fundación Alternativas 2007; Jimenez 2009), the main environmental, social and governance (ESG) risks in the construction sector are related to environment, health and job safety, job security, corruption, access to housing and other aspects related to human rights. These risks are even greater in the activities of construction companies operating in developing countries since, in many cases, local regulations are insufficient to protect the basic rights of citizens and corruption is fairly common.

The reputation of Spanish construction companies has been greatly hurt by the crisis. According to a 2009 Fundación Alternativas report on CR and the crisis, real estate and construction are the sectors that generate the most mistrust among the Spanish population: 84 per cent and 77 per cent of those

406 www.feique.org
surveyed for the report stated that they had total or partial mistrust in these sectors, respectively (Fundación Alternativas 2009).

The main promoter of CR in the Spanish construction sector is the government, through both regulatory and non-regulatory initiatives. The greatest impact has been achieved by linking CR aspects to public-procurement procedures (see Section 2.1).

The CR-related legal framework in the sector has been modernised in recent years, particularly regarding labour risks and environmental aspects (e.g., energy consumption, emissions and dumping). Among the regulations that companies must respect are the Código Técnico de la Edificación (CTE), Ley 32/2006 and Ley 26/2007. The CTE establishes the basic technical requirements that must be met by buildings in terms of security and habitability, including rules and procedures that allow the fulfilment of the basic energy-saving requirements. In contrast, Ley 32/2006 regulates subcontracting in the construction sector, including working conditions and health and safety. Finally, Law 26/2007 deals with the responsibility of operators to prevent, avoid and repair environmental damage in accordance with the “polluter pays” principle.

Among other public initiatives for promoting CR is the Plataforma social para el fomento de la rehabilitación, la accesibilidad y la eficiencia energética de edificios y viviendas (Plataforma RHE+). This multi-stakeholder platform promotes the rehabilitation of existing housing stock and takes into consideration the environmental and social issues related to this process. Another awareness-raising initiative that deserves mention was the creation of a manual to help companies with calculating their carbon footprint.

Although there is a considerable amount of variance in how much various stakeholders participate in government CR initiatives related to the construction sector, participation is currently greater than it has ever been. At the moment, stakeholders are involved in various initiatives, such as in working groups on laws affecting the sector, in the Observatorio Industrial del sector de la construcción and in the Plataforma RHE+.

### 9.1.2.3 Wholesale and retail trade

According to the most recent data published by the Ministerio de Industria Comercio y Turismo (MINETUR), Spain’s wholesale and retail trade sector (WRT) generated €550,900 million in 2009, or 8.7 per cent of the country’s economic output.
There were 722,900 companies in the sector employing a combined 2,852,643 workers, or almost 14 per cent of the total labour force. Activities are commonly carried out by one-person companies with no employees (Información Comercial Española 2011: 17–28).

In 2009, the retail sector employed 1,851,450 people, or 10 per cent of Spain’s total labour force. Almost 63 per cent of these were women. The food and beverage trade is the largest element in this subsector, accounting for almost half of it (ibid.: 49–63).

Given the diversity of the sector, ESG impacts and CR practices differ. Nevertheless, common impacts areas (e.g., environmental issues and respect for consumer and producer rights) are relevant for the entire sector.

Although the main drivers of CR in the sector should be consumers, this is not the case yet in Spain, as consumers have only recently begun to consider social and environmental criteria in their purchasing decisions. However, prompted by increasing demands from their international customers regarding the environmental and social impacts of their products, large Spanish companies have come to regard CR as a core activity. The analysis carried out by the Club de Excelencia en Sostenibilidad (2012) shows that responsible consumption among Spanish consumers is primarily associated with environmental issues—and, in particular, with recycling and energy and water consumption—and with the use of public transport.

Regulation on issues related to the environment, consumers and providers has been addressed by two ministries: the Ministry of Environment and the MINETUR. Government initiatives include soft laws, such as those that require the inclusion of environmental criteria in the terms and conditions of public contracts.412 There are also regulatory instruments, such as one on waste and contaminated soil and another on the re-use of packaging material.413 The latter requires packers and retailers of packaged goods to charge customers a refundable fee (i.e., a deposit) that they will get back if they return the packaging to the retailer, and it mandates the gradual replacement of commercial single-use bags made of non-biodegradable plastic.

Other actors have also developed actions for the promotion of CR practices in the WRT sector, including chambers of commerce and industry as well as trade and consumer associations. The Confederación de Consumidores y Usuarios (CECU)414 has a specific line of action focused on “environment, society and CSR”. The activities it carries out include actions for raising awareness among consumers and analysing of their perception of the CR performance of Spanish companies. It is also a member of the Spanish CSR Watch. The Madrid Chamber of Commerce and Industry has created a special depart-

---

414 Confederation of Consumers and Users (www.cecuc.es).
ment focused on CR that aims to provide information and support on related issues to local companies.

9.1.2.4 Information and communication technologies

According to the Asociación Multisectorial de Empresas de la Electrónica, las Tecnologías de la Información y la Comunicación, de las Telecomunicaciones y de los Contenidos Digitales (AMETIC), the Spanish information and communication technologies (ICT) sector grossed €88,211 million in revenues in 2010. This figure reflects a period of stagnation when compared to the global income figure of 2009, when the amount reached was €88,222 million (AMETIC 2011). At the end of 2011, the Spanish ICT sector employed 386,009 workers, which represented 2.10 per cent of Spain’s total labour force (AMETIC 2012).

ICT used to be seen by CR analysts as a fairly “clean” sector, especially when compared to industries such as utilities, mining or chemicals. This might be the reason for the lack of public attention directed towards the Spanish ICT sector regarding CR in comparison with other sectors. For instance, according to the popular Spanish MERCO index, Telefónica ranked among the top three most reputable Spanish companies in 2011, together with Santander (banking) and Inditex (apparel).

The ICT sector in Spain does not have an easily identifiable pattern of CR adoption. In fact, ICT companies do not share a common CR position. Like their counterparts in other sectors, big companies tend to lead in terms of CR development. Although there is no identifiable ICT-sector strategy on CR, either in the public or the private domain, some independent and non-correlated initiatives related to social and environmental issues can be identified.

Within the environmental field, the major CR-related issues in the sector are energy efficiency, climate change and e-waste management. In the social field, they are the universal basic provision of telecom services (including Internet access for underserviced areas), the digital literacy of some specific groups (e.g., the elderly and low-income immigrants), the accessibility of telecom services and their ease of use for people with disabilities or special needs, and Internet safety for children and young people. Lastly, issues related to the property-rights management of digital content also play a role.

The strict EU Waste of Electric and Electronic Equipment regulation regarding the recovery of electronic waste and restrictions on the use of hazardous substances in electronics manufacturing has forced ICT companies

415 Multisectoral Trade Association for Electronics, Information and Communications Technology, Telecommunications and Digital Content Industries (www.ametic.es).
to devise eco-initiatives (see Ch. 3.2). In doing so, they have developed effective policies for recovering electronic waste (e.g., equipment, batteries and devices) that have helped reduce their high environmental impact. On the national level, the sector is regulated by the MINETUR and its Secretaría de Estado de Telecomunicaciones y para la sociedad de la Información (SETSI). Its regulations are mainly focused on protecting customer and user rights, providing telecom services to underserviced (non-profitable) areas and paying attention to those with disabilities or other special social needs.

Among the MINETUR and SETSI’s competences is the Plan Avanza, a permanent, open programme to subsidise the provision of advanced telecom services to areas or populations at risk of exclusion. In 2011, this programme was addressed to telecom network operators with the aim of promoting the deployment of broadband telecom networks in geographical areas where there is currently no coverage available at reasonable prices. This programme also aims to promote the deployment of very high-speed networks as an instrument for fostering socioeconomic development.

Regarding private ICT-sector initiatives in Spain, all of them are in some way associated with AMETIC, the trade association. Although a single CR strategy across AMETIC cannot be identified, there are some CR initiatives that are primarily focused on environmental and sustainability issues. For example, AMETIC, together with the regional government of Andalusia, promotes the organisation of the Foro TIC y Sostenibilidad, a yearly congress organised as a forum for open discussion between ICT companies and public administrations on the role of ICT in sustainable economic development. This forum is supported by the major Spanish ICT companies. The 2011 congress, held in Seville, focused on major environmental ICT aspects and addressed topics aimed at reducing the consumption of natural resources, such as smart cities, electric cars, energy efficiency and smart metering.

9.1.2.5 Financial services
The Spanish banking system is composed of public limited companies that are commonly known as banks, credit unions and savings banks. As of the end of December 2010, there were a total of 336 credit institutions in Spain, 276 of which were savings institutions divided into 188 Spanish institutions and 88 foreign branches. At that time, this sector employed a total of 263,715 people, of which 257,578 worked in savings institutions and the remaining 6,137 worked in other credit institutions (Banco de España 2011).

419 “ICT and Sustainability Forum” (www.ticysostenibilidad.org).
The effects of the crisis in Spain and tension in financial markets have led to the merger of institutions. This has particularly affected savings banks because they have been more exposed to the real estate market. Moreover, their particular ownership structure limits their capability to obtain their own high-quality capital. This is why the national government is fostering concentration in the banking sector and providing facilities to strengthen their solvency. As a result of the global restructuring process, the number of saving banks has decreased from 45 to 11 (Banco de España 2012).\footnote{This figure considers the processes that were taking place as of May 2012.} Cuts in staff and offices have also been made at the average rate of 17 per cent (Banco de España 2011).

The changes also include the conversion of saving banks into private banks. This step can be seen as an improvement in the governance structure of these banks because, as new board members are appointed in the wake of the conversion, representatives of the local governments are replaced by experts in financial management. The entrance of private capital also introduces greater market discipline, which will force banks to be more transparent due to legal requirements.

The greatest CR challenges the sector faces are (1) the integration of social and environmental aspects into the risk evaluation of credit and financial intermediation operations and (2) the responsibility for financial products and services. Regarding the integration of CR issues into their operations, some banks have signed the Equator Principles\footnote{www.equator-principles.com.} to evaluate project finance activity using ESG criteria. However, it is not always possible to prove whether processes and procedures actually exist to mitigate the impact of entities in terms of human rights and the social and environmental effects of their operations.

Financial education is also a material issue for the sector as it allows clients to be aware of the impact of the products and services they receive from financial institutions. Since the release of the European Directive 2004/39/EC on markets in financial instruments and the Spanish parliament’s approval of the Sustainable Economy Law (see Section 1.1), most of the bank associations—the UNACC\footnote{Unión Nacional de Cooperativas de Crédito (National Union of Credit Cooperatives) (www.unacc.com).}, CECA\footnote{Con federación Española de Cajas de Ahorro (Spanish Confederation of Savings Banks) (www.ceca.es).} and AEB\footnote{Asociación Española de Banca (Spanish Banking Association) (www.aebanca.es).}—have launched financial-education programmes. Most of them work together with supervisory institutions, such as the Banco de España and the Comisión Nacional del Mercado de Valores (CNMV).\footnote{National Securities Market Commission (www.cnmv.es).} The leading programme is the Plan de Educación Financiera (CNMV 2008), which is an initiative led by the CNMV, the Dirección General...
Corporate Responsibility in Spain

de Seguros y Fondos de Pensiones and the Banco de España to enhance financial education among the Spanish population.

The main commercial and savings banks have issued statements indicating that they consider CR and sustainable development to be key elements in their mission. Moreover, many of them have created or are in the process of creating CR departments headed by employees who are well-positioned within the institution’s organisational structure.

In spite of this, in most cases, CR does not form part of the strategy or management of these entities. There has been some improvement in this regard following the recommendations of Spain’s “Unified Good Governance Code of Listed Companies.” Moreover, different Spanish financial entities have joined the United Nations’ Principles for Responsible Investment (UNPRI). As of March 2012, there were 21 Spanish signatories to these principles.

Several factors have driven the Spanish financial sector’s adoption of CR policies. Among the most important ones are the requirements of the financial markets and in particular those made by social rating agencies and social responsible indexes. These agencies provide information to sustainability indexes based on the analysis of social, economic and environmental variables.

It is also worth mentioning the creation of SpainSif as part of the European Sustainable Investment Forum (Eurosif) in 2009. SpainSif is a non-profit association composed of 35 entities, including financial companies, labour unions, nonprofit organisations and academic institutions. The Spanish SRI market reached €33.3 billion in 2009, or 18 per cent of all assets under management (Eurosif 2010).

Another relevant driver of the adoption of CR policies are international initiatives related to the financial sector and promoted by various institutions, such as the United Nations, the World Bank, BankTrack and the Global Reporting Initiative (GRI). Signing initiatives like these is becoming a priority for companies—and especially international banks—because doing so is thought to give them a competitive advantage. CR associations such as Forética, the Club de Excelencia en Sostenibilidad and the Asociación Española del Pacto Mundial have also contributed to increasing both general awareness and technical expertise in the sector through various services and programmes.

The role of the government in promoting CR in the financial sector is basically limited to legal requirements on good governance transparency and

426 General Directorate of Insurance and Pension Funds of Spain (www.dgsfp.meh.es)
427 www.cmrv.es/Portal/-/verDoc.axd?ts=[57c2464a-b7f4-4c08-b7ee-619c6c88386f].
429 www.spainsif.es.
430 www.eurosif.org.
431 Spanish Global Compact Network (www.pactomundial.org).
reporting. Other laws, such as the Sustainable Economy Law or the regulations of the central bank, also stress the importance of transparency towards clients and providing information about the presence of their assets in tax havens.

When compared to private banks, savings banks and credit unions form a separate category because they are classified as social-economy entities due to their legal status. Among the social obligations required of credit unions by law is allocating at least 10 per cent of their profits to the Fondo de Educación y Promoción. Its resources are used to improve the quality and conditions of the lives of their members. As to savings banks, legislation requires them to allocate a specific percentage of their profits to the provision of reserve funds. Although it is not required by law, most savings banks have used the rest of their profits to finance community projects. Regulations also determine the composition of the governing bodies of savings banks, whose members include public servants.

9.2 Illustrative examples of sector-specific initiatives

Three illustrative examples of sector-specific CR initiatives will be presented in the following pages. They seek to show a maximum diversity among sectors and different types of roles played by governments.

The first one is a soft-law initiative on green public procurement that improved the environmental impact of the Spanish construction sector. Next is the Observatorio Industrial del Sector Químico (OISQ), which is one of the 10 sector-focused watch organisations established by the Spanish government. The last one is the saving banks model, which applies to a peculiar type of financial institution with multi-stakeholder governance structures that has traditionally focused its business on the social impacts it has on the communities in which it operates.

9.2.1 Greening the construction sector: Plan de contratación pública verde (construction)

The public initiative that has had the greatest impact on corporate responsibility in Spain’s construction sector has been the integration of environmental criteria into the terms and conditions of public contracts. The expert interviewed for this analysis mentioned that this ministerial order affects all companies providing goods or services to public bodies regardless of the sector they belong to. However, he also noted that construction companies are the

---

432 Education and Promotion Fund.
433 “Industrial Watch on the Chemical Sector”.
434 The following information is based, inter alia, on an interview with Valentín Alfaya, Quality and Environment Director at Ferrovial.
Illustrative examples of sector-specific initiatives

most affected by this law, as national, regional and local governments are the main clients of the construction sector in Spain.

The ultimate objective of this initiative is to motivate companies to incorporate social and environmental criteria into their management. These measures have greatly contributed to companies’ progress on three fronts: first, in dealing with environmental aspects; second, with other isolated ESG issues; and, finally, with CR as a whole.

The inclusion of these criteria began with the order of the Ministry of the Environment of October 14, 1997, which was later repealed and replaced by Order MAM/2116/2007. Both of these orders deal with the prerequisites and environmental criteria to be introduced into the terms of the administrative clauses of contracts of the Ministry of the Environment and dependent public organs. Order PRE/116/2008, of 21 January 2008, widened the scope of this initiative to include all public institutions of the central government.

These clauses refer both to the specific conditions of the project to be awarded and to a company’s management system, which, in the case of construction, goes beyond the project and affects the whole company. The requirements only apply directly to larger companies, as only companies that reach a specific level of turnover can participate in public-procurement tenders. However, their impact has spread throughout the whole value chain of these large companies.

At first, public tenders favoured companies with environmental certifications such as ISO 14001. Later, other factors were considered, such as recycled and recyclable products as well as alternative construction materials with a lower environmental impact. This has evolved systematically and, these days, it is rare to find local or state tenders for public works of a certain size that do not include environmental criteria. The latest proposed modifications call for introducing other criteria, such as the company’s carbon footprint.

There is also a guidance system through the Asociación Española de Normalización y Certificación (AENOR) that helps companies fulfil the prerequisites established in the terms and conditions of contracts with the government. The aim of this system is to ensure that companies have the necessary environmental certifications and that they put their environmental management systems into practice.

This is a soft-law initiative whose cost for the administration is low. The only costs for the governments are associated with monitoring the system, which does not require many resources. Initiatives like this one promote the adoption of environmental management systems by companies in environmental matters and provide great benefits for the administration, as they reduce inspection costs or support for companies that would be required if strict regulations were applied.

435 Spanish Association for Standardization and Certification (www.aenor.es).
The initial reaction of construction companies to the passing of these conditions was surprise. In fact, the employers’ organisation SEOPAN asked the Ministry of the Environment to push back the date on which they would go into effect until a greater number of companies could become certified according to ISO 14001 and EMAS.

When these regulations were passed, only a few construction companies considered incorporating these kinds of environmental measures into their agenda. Their first reaction was implementing quick measures that led to bureaucratic and inefficient environmental management systems. These progressively evolved into more efficient systems as the companies strove to meet certification requirements. As a result, Spanish construction companies have developed very sophisticated environmental systems and are now even ahead of current regulations and certifications in Spain. This, for example, has allowed many Spanish construction companies to hold leading positions in the Dow Jones Sustainability Index. Moreover, Spain has become the European country with the second-largest number of companies with EMAS certifications. In 2011, there were 1,236 Spanish organisations with EMAS registration, which represents 27.4 per cent of all certified European companies (Eurostat 2012). In 2010, around 47.5 per cent of the EMAS sites of the European construction sector were registered by Spanish companies.

The main contribution of these laws is that they have made companies realise that the management of environmental aspects results in a competitive advantage in terms of reducing costs, managing risk and making general improvements in efficiency. The success of this initiative can be easily measured by the increase in construction companies in Spain with environmental certifications such as ISO 14001 and EMAS. All of the above makes this initiative a good practice that could easily be replicated in other sectors and countries.

9.2.2 Partnering for sector responsibility: Observatorio Industrial del Sector Químico (chemical sector)

The Observatorio Industrial del Sector Químico (OISQ) is a forum for discussion in the chemicals sector. It was launched by the MINETUR, the economics ministry, and formalised in 2005 by an agreement signed by the ministry, the trade unions and the Federación de Entidades de Innovación y Tecnología (FEDIT), the employers’ organisation of the chemical sector. The OISQ has an annual budget within the general budget of the state. It is approximately

---

436 Asociación de Empresas Constructoras de Ámbito Nacional de España (Association of Major Spanish Construction Companies) (www.seopan.es).
437 The following information is based, inter alia, on an interview with José Ramón Sánchez Romero, a representative of the Federation of Textile, Leather, Chemical and Allied Industries (FITEQA), from the Spanish trade union COOO.
438 www.fedit.es.
Illustrative examples of sector-specific initiatives

€300,000, but this figure has begun to decrease in the last two years, and the general budget proposal for 2012 envisions its elimination.439

The OISQ is part of a group of 10 watches. They were created by the MINE-TUR within the framework of the so-called “Declaration for Social Dialogue 2004”440 in order to become permanent discussion forums for analysing the situations of the respective sectors. More specifically, their objective is to identify strengths and weaknesses in order to define industrial political measures to improve each sector’s development and increase its international competitiveness.441

The OISQ is coordinated by a sub-secretariat of the MINETUR. It holds monthly meetings and carries out an annual plan of activities, which is approved by the consensus of all members and mainly consists of the elaboration of reports and studies. These activities are carried out either directly by team members or by hired specialised consultants. Its results are presented publicly once a year. This presentation happens on a rotating basis in regions where the chemical industry is represented.

The OISQ makes specific recommendations on environmental and social aspects to all participants in the sector. These recommendations are formulated in order to help companies identify risks and opportunities as well as implement new environmental and social regulations. They are specially focused on environment, labour, efficient energy use and product responsibility. The OISQ has also published a guide on CR in the chemical sector. All the reports and recommendations are formulated from a multi-stakeholder perspective that takes into consideration the points of view of companies, employees and the government.

Although the various watches share some common issues (e.g., energy efficiency, environment and training), there are no official links between them other than the fact that some OISQ members sit on more than one industrial watch. The watches have recently begun contemplating a move that would see them pool their efforts regarding cross-sector issues, but they have yet to make progress towards doing so.

So far, Spanish governments have not considered OISQ input when defining policies that affect the sector. Nevertheless, the organisation would like to become a group that governments consult when defining industrial-sector policies. Although the institutions represented in the watch have been doing their best to achieve this, it has not yet been included in the political agenda, and no change is expected in the near future.

439 Under approval as of May 10, 2012.
441 These watches are focused on the 10 key production sectors of Spain: electronics, information technology and telecommunications, the manufacture of cars and lorries, the manufacture of capital goods, the manufacture of automotive goods and components, chemicals, textiles and clothing, wood, metal, and construction and paper.
Although the OISQ was not created by the government with the aim of improving CR issues, it has been playing an important role in improving ESG-related practices. The initiative has become a permanent forum whose main stakeholders have teamed up to foster the improvement of CR performance and risk management within the sector. Since it makes and disseminates specific recommendations on environmental and social aspects based on a multi-stakeholder perspective, the OISQ embodies a legitimate mode of deliberation and cooperation and increases the likelihood that its recommendations will be implemented. Such a forum could be scaled to other countries and sectors.

9.2.3 Stakeholder inclusion in the financial sector: Cajas de ahorro (financial services)

The origins of Spanish savings banks are linked to so-called mounts of piety. Although the savings banks lent money to these mounts of piety at an early stage, in the 19th century, they started operating on their own, earning profits and channelling some of these earnings to community projects (“obra social”). The original aims pursued by savings banks were fostering social inclusion, avoiding usury, stimulating saving, aiding the development of their geographical area in which they operated, and avoiding the full range of abuses committed by other financial institutions.

Although many people believe that financing community projects is inherent to Spanish saving banks, this is a relatively new phenomenon. They did not start giving money to these kinds of projects until 50 or 60 years ago, when they started earning profits. Laws now stipulate that savings banks must allocate 50 per cent of their profits to the so-called “Obligatory Reserve Fund”, while the savings banks’ governing bodies can decide whether to allocate the other half of their profits to voluntary reserves or community projects.

Even though it is voluntary, the sector devoted €1,462 million to community projects in 2010. According to the Confederación Española de Cajas de Ahorros (2011), 90 per cent of all these projects were related to public goods and services traditionally provided by the state (e.g., health, education and environmental preservation). Likewise, in that same year, the contribution of the obra social to the national wealth reached €1,137 million, which represents 0.11 per cent of GDP. As has already been mentioned, savings banks have traditionally carried out their financial activities with an eye towards their

442 The OISQ is not explicitly related to Responsible Care, but some of its entities do have relationships with Responsible Care, such as FEIQUE, which has managed this programme in Spain since 1993.

443 The following information is based, inter alia, on an interview with Victorio Valle, a former managing director of FUNCAS.

444 Mounts of piety were charities from which underprivileged classes could obtain financial loans at moderate interest rates against some kind of collateral in pawn.

445 Spanish Confederation of Savings Banks (www.ceca.es).
Illustrative examples of sector-specific initiatives

social costs and benefits and have focused on providing retail banking and financial services to SMEs. Indeed, they are the main provider of funds to SMEs.

Although the national government legislates on some of the operational activities of savings banks, regional governments are the ones that play the main role in the promotion of CR in these institutions by passing complementary laws and participating in their governing bodies. In fact, the promoters of savings banks have mainly been local and regional governments. According to Ley 31/1985, which regulates the governance of savings banks, the most influential member of these governing bodies is the economy departments of regional governments.

The governing body of the typical savings banks is composed of a general assembly made up of 60 to 160 members. These are chosen from among its depositors, representatives of local governments of the communities in which the savings bank is located, founders and employees. Members of this larger body are then chosen to sit on the bank’s administrative board. In this way, both bodies represent many of the most important stakeholders.

Nevertheless, during the years leading up to the financial crisis, most of the saving banks refocused their activities on the mortgage market, leaving aside their traditional financial activities and exposing them to the real estate bubble. To address the saving banks’ imbalances, Spanish financial authorities started a restructuring process of the sector that included interventions, mergers and takeovers. As a result, the number of saving banks has decreased from 45 to 11 institutions (Banco de España 2012). Only two saving banks, which are very small and very focused on their local region, have remained outside this process.

Due to some governance issues and conflicts of interest between the activities of the savings banks and the financial requirements of some regional governments, Real Decreto-Ley 11/2010 introduced the following modifications: It limited the participation of governments to 40 per cent; it fostered the professionalism of board members; it prohibited holding executive posts in the bank while being in public office; and it incorporated new “general interest entities” in government bodies, which include representatives drawn from civil society and local companies.

In order to improve their performance and ensure independence on long-term strategic decisions, savings banks are supposed to avoid political interference. As noted, the reform and restructuring of savings banks after the financial crisis have recently reduced the number of savings banks in Spain through mergers. They have created banks whose owners are basically savings banks. As long as savings banks continue to be the controlling shareholders of these new banks, they will attempt to preserve their regional financial

446 This figure considers the processes that were taking place as of May 2012.
sector-specific Corporate Responsibility in Spain

orientation, fight against usury and avoid monopolies in financial markets. However, the financial crisis will reduce the amount of money that these institutions give to community projects and force them to consolidate their projects.

In sum, Spanish savings banks are good examples of financial inclusion and how a business can reinvest in local communities and thereby become well-embedded in the region. To some extent, the governance structure of savings banks shows how stakeholders can participate on an equal footing. This aspect, however, touches upon the downsides of savings banks. The inclusion of stakeholders can collide with business interests, as the political interference in the savings banks demonstrates. Board members should ideally be appointed based on their technical and managerial expertise rather than on any partisanship. Furthermore, transparency is crucial for the sound management of a bank.

Against this background, the great challenge now is to combine the traditional aims of saving banks with the market discipline that banks need in the restructuring of the sector.

The previous examples of sector-specific initiatives have shown that public actors in Spain do have experience in promoting the responsibility of industrial sectors. Moreover, the government’s involvement can help make businesses more responsible and competitive. Yet, with the arrival of the financial and economic crisis and the ensuing austerity programmes, some companies may stop or diminish their CSR initiatives. For this reason, it becomes more important that governments increase their role as a CR driver.

9.3 Comment

In Spain, there does not seem to be an easily identifiable sector-specific pattern of CR adoption among Spanish companies. CR maturity in Spain seems to be more related to company size than to the economic sector to which the company belongs.

Companies, whether on their own or in association with CR forums, are the ones that have led the way in fostering CR. The government has partially assumed the role of a driver of CR. Public initiatives have either promoted general CR or have focused on certain CR aspects without considering adaptations to specific sectors. With regard to the development of sector-specific CR initiatives, our analysis leads us to the following conclusions:

First, there is a need to strengthen the relationship between the different national and local initiatives so as to make them more coherent, to maximise their results and to make more efficient use of financial and non-financial resources. This cohesion should be between both the types of specific in-
strumets of each sector (soft law, mandating, partnering and awareness-raising) and the initiatives promoted by different public actors (European, state, regional and local governments) so as to make them complement each other.

Secondly, it is important to establish mechanisms that guarantee the continuity of government CR initiatives independent of changes of government. CR initiatives need time to show results. In the case of regulatory measures, companies are obliged to internalise these initiatives in their business operations and culture, whereas, in multi-stakeholder forums, true dialogue requires growing trust and consensus-seeking among all members.

Thirdly, considering that governments currently have fewer resources and need to use the ones they have more efficiently, it would be advisable to implement soft-law measures to link CR aspects to public-procurement procedures. As shown above, these types of measures allow companies to incorporate management systems based on CR and spread these measures throughout their value chain on a voluntary basis without substantial financial costs for public administrations. Governments can use certification systems to guarantee that certain ESG prerequisites are met.

Fourthly, the government should promote the creation of permanent sector-specific networks for multi-stakeholder dialogue and support companies and stakeholders in efforts to launch CR measures. Public actors could take advantage of the work of such forums by obtaining the necessary data to formulate sector-specific CR policies.

References


CNMV (2006). Unified Good Governance Code of Listed Companies. www.cnmv.es/Portal/-/verDoc.axd?i={57c2464a-b7f4-4c08-b7ee-619c6c88386f}


10. Sector-specific Corporate Responsibility in Switzerland

Christoph Weber-Berg, Sabrina Stucki, Sandra Huber-Ingold

Summary

Due to the globalisation level, cosmopolitanism and size of Switzerland, corporate responsibility (CR) in the country is strongly influenced by international developments. In contrast to the governments of most EU countries, the Swiss government does not use the term CR. The government, by constitutional obligation, is responsible for the sustainable development of the country. For this reason, this study takes into consideration activities of the government or government agencies that trigger or support voluntary private-sector contributions to sustainable development. In our research, we got the impression that the Swiss government has thus far been primarily focusing on solutions for environmental challenges. Furthermore, we have determined that only a few sector-specific initiatives exist and that cooperation between the private and public sectors is rare. This, however, does not mean that there was a lack of activities in the field of CR in Switzerland. On the contrary, there are numerous industry- or company-driven initiatives that contribute to a comparatively high level of CR-related awareness and activities in Switzerland.

10.1 Corporate Responsibility in Switzerland

10.1.1 General CR context

Switzerland is a modern market economy with a comparatively low unemployment rate and a highly skilled labour force. The Swiss economy benefits from a highly developed service sector and a manufacturing industry specialised in high-technology and knowledge-based production. Switzerland is one of the most globalised countries in the world. Every second Swiss franc is earned

447 www.swissworld.org/de/wirtschaft/?type=tar%3D.
abroad, and almost a third of the world’s internationally invested wealth is managed in Switzerland.

The general political context in Switzerland is affected by two factors: direct democracy and a strong federalism. Switzerland is a stable direct democracy. The political system is based on consensus rather than on majorities. Therefore, once established on the political agenda, a steady and sustainable development is easier to maintain. In Switzerland’s federal political system, many sustainability-related responsibilities are assigned to the cantons and municipalities.448 They play an important role in raising public awareness of sustainable development and in encouraging people to take action towards sustainable development.

Switzerland is not a member of the European Union. Therefore, when it comes to sustainable development, its terms of reference are oriented towards international rather than EU norms. In 1992, Switzerland signed the final documents of the U.N. Conference on Environment and Development held in Rio de Janeiro. In response to this ratification, the Federal Council (i.e., the executive council constituting Switzerland’s federal government) set up the Interdepartmental Rio Committee, which was subsequently renamed the Interdepartmental Sustainable Development Committee (ISDC).

In 1997, the Federal Council developed a sustainable development strategy in response to the Earth Summit+5. The currently valid “Sustainable Development Strategy 2012–2015” defines the federal policy guidelines and includes an action plan. In addition, the 1999 revision of the Federal Constitution led to the explicit and prominent inclusion of the concept of sustainable development in the Swiss constitution, according to which sustainable development is a precept.449 These articles implicitly refer to the so-called Brundtland definition of sustainability by defining the long-term preservation of natural resources as an objective.

As of 2012, the sustainable-development strategy has been integrated into the planning of the legislature and thereby gained institutional significance (ARE 2012). The action plan serves a dual purpose. Firstly, it contains measures that lie within the direct authority of the Federal Council and will be implemented by the federal government. Secondly, the action plan influences other stakeholders at the cantonal and municipal levels, including ones within industry and civil society (Schweizerischer Bundesrat 2012: 14).

There are five guidelines for sustainable development published by the Federal Council that are based on the Federal Constitution and important documents of international organisations (ibid.: 5). The guidelines include, for example, the achievement of sustainable development on the basis of part-

nernships, the improvement of coordination between policy areas and the incorporation of sustainable development into all policy areas.

At the regional level, each of the 26 cantons has an office responsible for sustainable development, in particular, for follow-up activities such as canton sustainability strategies or the programs known as “Local Agenda 21” (ISDC 2007). These offices complement the Federal Council’s Sustainable Development Strategy in cooperation with the federal government, cantons, municipalities, cities and other stakeholders (e.g., NGOs, interest groups and associations). The population is also encouraged to contribute to a sustainable future (ibid.: 36).

The progress on sustainable development is monitored by a system called MONET, which consists of 80 indicators. The latest MONET report states that, with respect to the national aspects of sustainable development, Switzerland is more or less achieving its goals (ARE 2010). The report, which was based on 16 indicators, shows that Switzerland has launched more innovations and technologies, and that it has reduced its consumption of energy and materials. However, the report also notes an unfortunate decrease in biodiversity in Switzerland (ibid.).

Among the different action areas of sustainable development, climate change is of particular interest to Switzerland’s vulnerable Alpine region. Having ratified the International Convention on Climate Change in 1993, together with over 150 other countries, Switzerland committed itself in 1997 to an international strategy designed to avert the threat of global warming. The CO2 Act entered into effect in 2000 and forms the central pillar of Swiss climate policy. Its objective is to reduce the emission of climate-relevant CO2 arising from the combustion of fossil fuels by 10 per cent by 2010, using the 1990 level as a benchmark.450 Plans call for this goal to be reached through a combination of political measures taken by the government and of voluntary measures taken by the private sector and individuals.

To implement the CO2 Act, the leading Swiss business associations founded the Energie-Agentur der Wirtschaft (EnAW), the energy agency of the private sector, in 1999.451 This cross-sectoral initiative provides advice to and supports companies—both small and medium-sized companies (SMEs) and multinational corporations (MNCs)—in their efforts to lower CO2 emissions and increase energy efficiency. To do this, the agency has developed an “Energy Management System”, which is based on target agreements, a definition of specific measures for reaching targets and a monitoring system assessing if the company in question is on track. Implementation of the measures is left to the companies themselves. The monitoring system has been evaluated and

451 The following information is based on an interview with Dr. Armin Eberle, Managing Director of the EnAW.
approved by the Bundesamt für Energie (BFE), the Swiss Federal Office of Energy. As of this writing, more than 2,200 companies from all industries and regions and of all sizes have entered into performance contracts with the EnAW and reduced their CO2 emissions by 30 per cent.

The BFE offers a platform called Swiss Energy that collaborates with different levels of government and private businesses so as to coordinate all major activities regarding energy efficiency and renewable energy for an intelligent energy policy. As Swiss Energy is based on a partnership between the public and private sectors, some of the initiatives mentioned in this paper were launched in partnership with Swiss Energy. For example, Swiss Energy started financing projects of Minergie (see Section 2.2) and recently initiated the “SME Program” via a public-private collaboration with the Klimastiftung Schweiz. Its aim is to create regional hubs to get in touch and subsequently collaborate with SMEs on initiatives related to energy efficiency and renewable energy.

Swiss-based firms hold strong global positions not only in the financial sector, but also in commodities-trading and mining. Swiss producers and consumers use three times the natural resources available in the country (ISDC 2007: 6–7). All these aspects result in a high level of interdependence and, consequently, assign a high level of responsibility for global sustainable development to Switzerland. The Federal Council understands sustainable development as a vision that has to be integrated into all policy areas (Schweizerischer Bundesrat 2012: 8).

In line with this understanding of sustainable development, all actors bear responsibility, especially business. Accordingly, CR in Switzerland is seen in the context of sustainable development by the Swiss Confederation (SECO 2009: 6). The Secrétariat d’État à l’économie (SECO) is responsible for the economy and the only department that mentions CR, which it defines as the voluntary contribution of the private sector to sustainable development (SECO 2009: 2).

On a sector-specific level, multinational corporations have often played a leading role in launching related initiatives. Indeed, Swiss firms have been among the vanguard of corporations that have expressed a commitment to sustainable development (FOEN/FSO 2011: 42). Some of them contributed substantially to the establishment of the World Business Council for Sustainable Development, which was founded by the Swiss entrepreneur Stephan Schmidheiny in 1991 and is headquartered in Geneva (Schweizerischer Bundesrat 2012: 11). They have also invested in the development of sustainability labels, in sector-specific initiatives and in environmental projects. However, the commitment and involvement of various industry sectors vary significantly.

452 Swiss Climate Foundation (www.klimastiftung.ch).
10.1.2 Sector-specific corporate responsibility in five industry sectors

10.1.2.1 Chemicals and chemical products

The chemical industry contributed 5.3 per cent to Switzerland’s Gross Value Added (GVA) in 2009 (Statistik Schweiz 2011c) and employed 2.4 per cent of the Swiss workforce in 2011 (Statistik Schweiz 2011b). As in most industries, SMEs made up the largest number of companies in the sector in 2008, or a total of 97.3 per cent (Statistik Schweiz 2011a).

The reputation of the chemical industry with regard to corporate responsibility still suffers from the mistakes of the past and from the fact that it took very long for the respective firms to assume their responsibility. However, 25 years after the Schweizerhall fire disaster, the sensitivity for safety, health and environmental issues within the industry is on a high level. Finally, the industry is taking its responsibility with respect to cases like that of Bonfol, a village near Basel where toxic waste was dumped in a landfill for many years.

The sensitivity for CR and the engagement for corporate citizenship are particularly high with the two biggest pharmaceutical corporations in Switzerland, Novartis and Roche. Both of them have a history of engagement with issues such as access to drugs and medication. They also engage in stakeholder dialogue with political institutions, civil society and academia on a global level.

The Swiss chemical and pharmaceutical industry is organised in an association called “scienceindustries”. More than 90 members of scienceindustries, responsible for more than 95 per cent of the gross turnover of the Swiss chemical industries, are signatories to the international Responsible Care initiative (Scienceindustries 2011a). According to the report, the programme can look back on years of success: Workplace accidents in Switzerland were successfully halved between 1993 and 2007, energy consumption per production unit has been reduced by more than 20 per cent and CO2 emissions by 17 per cent (in absolute terms), while production increased by 314 per cent. In the same time period, the emission of volatile organic compounds saw a reduction of 75 per cent (Scienceindustries 2011b).

10.1.2.2 Construction

The construction sector contributed 5.6 per cent to Swiss GVA in 2009 (Statistik Schweiz 2011c) and employed 7.1 per cent of the workforce in 2011 (Statistik Schweiz 2011b). SMEs with fewer than 250 employees accounted for 99.8 per cent of all Swiss construction firms in 2008 (Statistik Schweiz 2011a).

The CR reputation of this sector is ambivalent. The construction sector is often suspected of being less active than other sectors when it comes to environmental and social issues. Issues such as “grey energy”, waste on construction sites and poor working conditions still represent serious challenges. On the other hand, much attention has been given to increasing the quality of
buildings through a range of measures, such as using improved insulation and more sustainable materials.

Eco-labels such as “Minergie” enjoy a good reputation and are widely recognised (Salvi and Syz 2010: 3). The initiative *Gebäudeprogramm* is a joint project of the 26 cantons and the federal government. The objective is to boost environmentally sustainable construction and renovation. Some cantons support building renovation that meets the Minergie standard (see Section 2.2). In this way, the “products” of the Swiss construction industry are reaching comparatively high standards from an environmental perspective. A future challenge will be to roll out the Minergie concept across Switzerland in a more comprehensive manner and to deal with the issues of waste, energy, water and social responsibility on construction sites. The *Schweizerischer Baumeisterverband* supports entrepreneurs in efforts to tackle these issues with web-based knowledge sources and training.

From a social perspective, the well-established social partnership between labour unions and employers should be mentioned. However, each autumn, the negotiations between unions and employers turn out to be difficult and often lead to a temporary breaking of contracts. The labour unions—through instruments such as the *Parifonds Bau*—get strongly engaged and involved in pushing CR forward in the construction industry. *Parifonds* is responsible for the execution of the collective labour agreements of the construction sector and offers a range of training opportunities to its members, both from the employer and employee sides.

**10.1.2.3 Wholesale and retail trade**

The Swiss wholesale and retail trade (WRT) sector contributed 11.9 per cent to GVA in 2009 (Statistik Schweiz 2011c). It employed 12.9 per cent of the Swiss workforce in 2011 (Statistik Schweiz 2011b), while 99.7 per cent of its companies were SMEs with fewer than 250 employees in 2008 (Statistik Schweiz 2011a).

This sector, particularly the retail part, has played a significant role with regard to CR in Switzerland. The Swiss market for food and near-food products is largely dominated by two companies: Migros (turnover of CHF 21.06 billion in 2011457) and Coop (turnover of CHF 18.44 billion in 2011458). Both of them are cooperatives. This duopolistic constellation has resulted in significant competition between the two regarding CR and sustainability issues.

Examples of this are found in the fast-growing niches for organic foods (e.g., dairy products, eggs, fruits and vegetables) and fair trade products (e.g., bananas, coffee and chocolate). Migros increased its sales of organic products...
by 14 per cent in 2010, compared to 4.7 per cent at Coop. However, Coop is still the largest seller of organic products in Switzerland, with sales of CHF 800 million compared to Migros’ CHF 470 million. Organic products make up 5.7 per cent of the Swiss food market (Bio Suisse 2011: 4). The sales for fair trade products in Switzerland more than quadrupled between 1999 and 2010, climbing above CHF 303 million (Max Havelaar Stiftung 2010: 7).

In addition to seeing significant growth in the organic and fair trade niches, over the past 10 to 15 years, other related aspects, such as responsible supply-chain management, have gained in importance and momentum. Migros was among the pioneers in this, triggering, setting up and implementing the Business Social Compliance Initiative standard. Today, both of the two large retailers have a solid reputation with regard to their products.

Two German discount store chains, Aldi and Lidl, have recently entered the Swiss market and are opening new stores at a rapid pace. Both seem to try to position themselves on responsibility-related issues, as well. Indeed, it even seems that the particular constellation of the Swiss retail market pushes the discounters to assume some responsibility.

The biggest challenge will probably emerge from future economic developments. It is most likely that Swiss consumers will become more price-sensitive in the near future as economic prospects become more challenging. Cost pressures on retailers will increase, and only time will tell whether the leading retailers will live up to the standards they have set for themselves as sellers of responsible products and employers of choice.

While Coop and Migros are leading the way, NGOs such as the World Wide Fund for Nature (WWF), Helvetas459 and the Berne Declaration460 are important players in the field, as well. The WWF and Helvetas are engaged in partnerships related to issues such as palm oil, cotton and water. By contrast, the Berne Declaration supplies expertise and launches initiatives such as the Clean Clothes Campaign, thereby raising awareness on issues within the public and among corporations. The role of the government with regard to sector-specific corporate responsibility in the retail sector is weak. Instead, the major actors in this field are from business and civil society.

10.1.2.4 Information and communication technologies
The Swiss information and communication technologies (ICT) sector461 contributed some 4.6 per cent to GVA in 2009 (Statistik Schweiz 2011c), and about 3.1 per cent of the workforce worked in the ICT sector in 2011 (Statistik Schweiz 2011b). In 2008, 96.7 per cent of ICT companies were SMEs with fewer than 250 employees (Statistik Schweiz 2011a).

461 The ICT sector is the sum of telecommunications (64) and IT services (72), which are accounted for separately by the Swiss Federal Statistical Office.
Even though some 97 per cent of enterprises in the Swiss telecommunications sector are SMEs, public awareness of them rests on the three big suppliers of telecom services: Swisscom, Sunrise and Orange. Virtually every person living in Switzerland is a customer of one of these three companies. Swisscom and Orange have a strong reputation with respect to sustainability. In a recent survey by an independent research agency, they ranked among the five most sustainable European telecom firms (Verdantix 2011). In 2011, the American magazine *Newsweek* even ranked Swisscom in 10th place among the world’s greenest corporations (Rohner 2011b).

However, the reputation of Sunrise suffered in the summer of 2011 when the company first joined a political initiative, led by “economiesuisse”, to fight a federal act that obligates companies to compensate for a minimum of 20 per cent of CO₂ emissions with domestic projects. Only a few days after its name had been published on the list of opponents to the act, Sunrise responded to public pressure by backing down and having its name removed from the list (Rohner 2011a).

Even though the reputation of two of the leading telecom firms in Switzerland is quite good, the sector as a whole faces a series of issues with respect to sustainability. The link between telecom service contracts and mobile devices that encourages people to buy a new phone every one or two years unnecessarily increases the demand for scarce materials, such as coltan and tantalum, and thereby contributes to the social and environmental issues related to their extraction. On the other side of the product life cycle, there are a large number of devices that need to be dismantled and disposed of, or recycled, even though they could still be used or repaired. Some providers attempt to cope with the issue by setting up projects to refurbish used phones and donate them to developing countries (e.g., Swisscom’s “Mobile Aid” campaign). However, telecom firms still set dysfunctional incentives (from a sustainability perspective) for customers to stick to unsustainable consumption patterns.

The main CR drivers in the sector seem to be the companies themselves. Swisscom is still controlled by the Swiss Confederation, its majority shareholder, but the government’s direct influence on the company in CR-related matters is negligible. However, as a publicly owned company, Swisscom is still tied to the constitutional obligation of the confederation to contribute to the sustainable development of Switzerland.

As for the wider ICT industry, CR commitment takes the form of Green IT. Several companies have been awarded the “Swiss Green IT Innovation Award” by the IT trade fair Orbit, Business Campaigning Switzerland, the WWF and the think tank Öbu. The main goal of the award is to bring together several

---

eco-efficient solutions. The prize was awarded for the first time in May 2009. It is given out in three different categories: Green IT, Low-Carbon Economy and Start-Up Ideas. Swisscom was awarded the prize for Green IT in 2009. Its “Mistral” project uses external air to cool company IT equipment, enabling it to reduce its energy consumption by up to 95 per cent.

The efficient usage of ICT is also part of the Federal Council’s Sustainable Development Strategy. Yet another area in which state entities are trying to promote sustainable development is public procurement. A current government initiative is the Cleantech Masterplan (CMP), which includes a situation analysis and aims to foster better coordination in terms of resource efficiency and renewable energies.

10.1.2.5 Financial services
While 12.1 per cent of Swiss GVA was generated by the financial industry in 2009 (Statistik Schweiz 2011c), about 5.5 per cent of the workforce was employed by one of its firms in 2011 (Statistik Schweiz 2011b). Among companies in the sector, in 2008, 98.7 per cent were SMEs with fewer than 250 employees (Statistik Schweiz 2011a).

The Swiss financial sector has faced severe challenges since the dawn of the financial crisis in 2007. Three different levels of responsibility may be distinguished. The first one regards the political environment, in which issues such as tax evasion and banking secrecy are dealt with. The second one is on the firm level and regards the CR performance of banks, insurance companies and financial service providers. The third level regards the provision of financial products and services.

The political environment has seen significant changes over the past decade as a result of increasing pressure from EU and OECD countries. The Swiss financial industry can no longer prevent foreign governments from levying taxes on their citizens’ financial assets. Switzerland is still in the process of negotiating bilateral double-taxation agreements and trying to defend the position that Swiss financial service providers are not obliged to automatically grant foreign tax authorities access to customer data. Instead, financial institutions are now supposed to charge taxes on the yields of financial assets and transfer them to customers’ countries of origin. Changes in this context are driven by pressuring countries, the Swiss government (as a negotiator) and the Swiss Bankers Association.

The main actors in the field are the financial institutions themselves. On a political level, the Swiss government, alongside with the trade association SwissBanking, is heavily involved, for example, with developing strategies for

465 www.cleantech.admin.ch/cleantech/.
466 The financial sector is the sum of the financial intermediation (65) and insurance and pension funding (66), which are accounted for separately by the Swiss Federal Statistical Office.
the future of the Swiss financial market. Apart from setting up the legal frameworks with laws such as the Anti-Money Laundering Act, the federal government is not involved with any significant initiatives with regard to CR in the financial sector. In the private sector, however, for over 12 years, an international group of multinational banks called the Wolfsberg Group has supported its members with regard to anti-money laundering activities and principles. The role of government in this case was to trigger private-sector activity by passing laws against money laundering.

On the company level, many Swiss financial services providers are at an advanced stage of CR. Some of them, such as Credit Suisse and Swiss Re, have numbered among the pioneers in terms of efforts to separate waste, save energy, water and paper, and build their offices in accordance with the Minergie standard (see below). Swiss Re, for example, has been dealing with issues such as climate change for almost 20 years.\(^{(467)}\) In 2011, the Dow Jones Sustainability Index named the company a “Global Supersector Leader”.\(^{(468)}\)

An interesting initiative, which closely collaborates with the EnAW, is the Klimastiftung Schweiz.\(^{(469)}\) This is a nonprofit foundation that contributes to climate-protection efforts in Switzerland. Its partner companies are major service enterprises in Switzerland, primarily from the financial sector.\(^{(470)}\) Among other measures, it helps fund SMEs that are proactive in their approach to voluntarily reducing CO\(_2\) emissions and energy use within the framework provided by the EnAW. The foundation also enables donating enterprises to effectively reinvest their net gains from redistributing CO\(_2\) certificates into suitable climate-protection projects.

More critical questions have to be raised when it comes to financial products and services. Banks are often accused of financing non-sustainable projects and activities. Credit Suisse took action and was among the first signatories of the “Equator Principles”.\(^{(471)}\) UBS, on the other hand, is not involved in project financing in an international context. However, its investment banking services (mergers and acquisitions) include activities that face similar issues, such as when financing the merger of two mining companies.

When it comes to socially responsible investment (SRI), Switzerland is among the leaders in Europe (Eurosif 2011: 51). Many Swiss companies were among the European pioneers not only with respect to asset management, but also when it comes to developing methodologies, criteria and indexes. Despite the crisis, the market has remained comparatively strong, and assets “reached a historical maximum in 2009”, with a total of €23 billion assets under man-

---

\(^{(467)}\) www.swissre.com/corporate_responsibility/.


\(^{(469)}\) Swiss Climate Foundation (www.klimastiftung.ch).

\(^{(470)}\) The following information is based on an interview with Vincent Eckert, CEO of the Klimastiftung Schweiz.

Illustrative examples of sector-specific Corporate Responsibility initiatives

In the following section, three illustrative examples will be presented. Actionsanté is an initiative promoting public health and healthy nutrition within the WRT sector. The construction sector is represented by the soft law initiative Minergie Schweiz, which aligns increased living standard with low-energy consumption. The third example, Sustainability Forum Zürich, gives an example of how awareness about CR is raised in the financial sector.

10.2.1 Public health through dialogue and voluntary action: Actionsanté - “eat better, move more” (WRT)472

Current lifestyles have contributed to an increase in “diseases of civilisation”, such as cardiovascular disease and diabetes (BAG 2011: 2). In response to these public health issues, the Federal Council ratified the resolution of the World Health Organisation on diet, physical activity and health in 2004. To implement it on the national level, the Bundesamt für Gesundheit (BAG),473 in collaboration with the Bundesamt für Sport (BASPO)474 and the cantons, adopted a Nationales Programm Ernährung und Bewegung (NPEB)475 (BAG 2008).

As a result, the Council launched the initiative “Actionsanté—eat better, move more” in May 2009. Actionsanté aims to improve individuals’ health-related quality of life by enabling them to live in an environment that is conducive to a healthy and physically active lifestyle and appropriate nutrition (BAG 2008). Since the Federal Council is convinced about the influence companies have on people’s behaviour, Actionsanté mainly addresses enterprises in a dialogue-based form of cooperation.

472 The following information is based, inter alia, on an interview with Alberto Marcacci from the office of Actionsanté at the Federal Office of Public Health.
475 National Programme on Diet and Physical Activity (BAG 2008).
Following the mission to “make the healthy choice the easy choice”, Actionsanté defines four areas of action to which the different actions of the private sector contribute:

1. altering food composition and selection (i.e., changing ingredients in order to reduce fat, salt, sugar and energy content as well as serving size);
2. adapting marketing and advertising (i.e., developing code of conducts and especially ones aimed at children);
3. promoting an environment beneficial and conducive to physical activity; and
4. providing information to consumers that is understandable and complete.

The BAG is convinced of the power of dialogue and sees no need for regulations. Accordingly, Actionsanté calls on companies to act responsibility. Only modifications that affect the enterprise’s core business are accepted as measures within Actionsanté’s areas of action. This voluntary approach generates competition among the partners concerning the number of projects to which they commit themselves. It also creates peer pressure within the sector to join the initiative.

Actionsanté is “only” based on dialogue and voluntary commitments through declarations of intent by the Charter of Actionsanté and private-sector partners, and there is no transfer of money involved. The annual budget of CHF 170,000 is provided by FOPH and is used for organising the annual conference and roundtables as well as for communication purposes, such as annual report and newsletters.

The office of Actionsanté at the BAG is advised by an independent group of experts, primarily drawn from academia, nutrition, public health, medicine, consumer protection and business, who are responsible for drafting the content-related guidelines and monitoring the fulfilment of promises made by the private sector (BAG 2011: 6). It also issues position papers and recommendations to FOPH.

After being in operation for three years, the initiative’s success clearly shows that this approach works. Actionsanté has attracted 15 partners that have signed 22 declarations of intent concerning 20 actions. Most of them have related to the first and second areas of action.

The effectiveness of every action undertaken by Actionsanté’s partners is measured separately. For example, there is evidence of reduced salt content in the pastry products of Migros and Coop, and there has been an increase in the percentage of Selecta vending machines offering a healthier range of products. However, these three years do not allow for an analysis of the initiative’s outcome or impacts on public health or individual behaviour, although Actionsanté is currently developing key indicators to eventually be able to perform such an analysis.

---

<table>
<thead>
<tr>
<th>Areas of action</th>
<th>Mode of cooperation</th>
<th>Financing</th>
<th>Broad stakeholder involvement</th>
<th>Evaluation of the outcomes</th>
</tr>
</thead>
</table>

Illustrative examples of sector-specific Corporate Responsibility initiatives

Going beyond these immediate achievements, *Action santé* has reached three important long-term goals: It has introduced a platform to foster dialogue between the public and private sectors as well as academia in the form of an annual conference and other events. It has helped meet public health needs in a quick and cost-efficient way. And, over time, it has demonstrated a new way of public intervention.

As for the latter, *Action santé* is a policy intervention that results in a win-win situation. This initiative combines the expertise and competencies of both the public and private sectors. The private sector is assuming more responsibility and contributing to public health. Companies bear the costs for their activities, but they have a long-term competitive advantage in terms of innovation and reputation. The public sector helps to increase the credibility of the actions taken by enterprises that are often confronted with negative publicity.

Beginning in 2012, *Action santé* intends to concentrate on the third and fourth areas of action (i.e., promoting a beneficial environment and providing information to consumers). In addition, the initiative aims to gain more public awareness, such as via social media. Likewise, although *Action santé* has thus far put more of a focus on multinationals, starting in 2012, it also plans to engage more SMEs with the help of their associations. Last but not least, the instruments of validation and monitoring will be improved to gain more credibility. Until now, BAG has only sent enterprises a questionnaire to fill out on their actions and then checked them afterwards. However, beginning in 2013, a report on good practice will be published.

Initiatives like *Action santé* exist in other countries as well as on the EU level. For example, a similar approach is pursued by the EU Platform for Action on Diet, Physical Activity and Health (www.ec.europa.eu/health/nutrition_physical_activity/platform/index_en.htm) as well as Italy’s Piattaforma nazionale sull’alimentazione, l’attività fisica e il tabagismo (www.salute.gov.it/stiliVita/paginaInternaMenuStiliVita.jsp?id=665&menu=programma). This shows that *Action santé* can be upscaled and implemented in other countries.

10.2.2 Increase the living comfort while reducing the energy consumption of buildings: *Minergie Schweiz (construction)*

Interest in having energy-efficient houses was sparked by the oil crisis of the 1970s. Ruedi Kriesi, the former head of the energy agency of the Canton of Zurich, constructed the first energy-saving housing estate in that canton. Heinz Uebersax, an economist and friend, helped him develop a marketing strategy. The core idea was to create a green building standard that enhances the living comfort and quality of buildings in an eco-friendly manner.

---

479 The following information is based, inter alia, on an interview with Franz Beyeler, Managing Director of *Minergie Schweiz*. 

233
Minergie is a sustainability label for new and renovated buildings to increase their living comfort while reducing their energy consumption. Besides being a label, Minergie is also a certified brand and represents a construction standard.\(^{480}\) It is mutually supported by the Swiss Confederation and the Swiss cantons.

*Minergie Schweiz* is organised as the Minergie Association (AMI). Its mission is to define a voluntary building standard for today that will fulfil legal requirements expected to come in 10 to 20 years. Minergie stands for a sustainable and visionary way of construction without making sacrifices in terms of comfort or luxury. It is a user-oriented standard and a successful business model.

The theory behind Minergie is that having a low environmental impact has to be part of a product’s benefit. The objective is defined in terms of a limit on energy consumption per square meter. Minergie evaluates buildings and their housing technology as an integral system,\(^ {481}\) which means that not only buildings, but also products and services can conform to Minergie standards. The same applies to building modules, such as systems, components and materials.

The Minergie label was launched in 1995. Two years later, Minergie was officially accepted as a brand by the cantons of Berne and Zurich, thereby becoming a promising building standard. In 1998, the Minergie Association was founded. Little by little, all 26 Swiss cantons became members and licensed partners of the AMI. Since the cantons are responsible for their own property laws, winning them as partners was of great importance for the new building standard and helped to foster broad acceptance in Switzerland.

Today, the AMI boasts 520 members and over 1,300 experts, who are franchisees from the construction sector, such as engineers, architects, energy consultants and heating contractors.\(^ {482}\) Among them are 26 business associations and 300 companies. Members, on the other hand, are public bodies, companies in the financial and real estate sectors, schools and associations.\(^ {483}\) Minergie is governed by a multi-stakeholder governing board responsible for the overall strategy. At the same time, the general assembly of the members has controlling functions through its budgeting and monitoring competences (Minergie 2011a). For the sake of accountability and transparency, the association publishes an annual report (Minergie 2011b).

Minergie is essentially a private nonprofit organisation. It is financed by its members, its services and its sponsors (i.e., companies of the Swiss construction industry, investors and different levels of government). All international activities—such as trademark protection, branding and certification—must be financed in the pertinent markets.\(^ {484}\) To achieve this, a franchising concept

---

480 www.minergie.ch/was-ist-minergie-105.html.
482 www.minergie.ch/was-ist-minergie-105/articles/das-wichtigste-1025.html.
483 www.minergie.ch/minergie-member.html.
484 www.minergie.ch/label.html.
has been developed that will allow a franchisee to quickly set up a professional information, training and certification centre at moderate start-up and operating costs. This concept addresses regional and provincial organisations with sound ties to local governments and a reliable financial base.

The AMI pursues a push-pull strategy. On the one hand, it provides different services: certification activities, education and information programs, consulting and coaching. Once franchisees receive a Minergie expert status, their competence has to either be proved by constructing certificated Minergie buildings or refreshed by attending continuing-education training courses organised by the AMI. The AMI controls the activities of its experts and revokes the title, if necessary. On the other hand, the construction sector itself has developed a wide range of products as well as services for Minergie buildings, thereby contributing to the further development of the Minergie standard. Although companies pay membership and trademark fees, they benefit through the good image and innovation potential of Minergie.

The Minergie standard includes three labels that vary in their requirements: Minergie, Minergie-A and Minergie-P. In the first years, a few hundred buildings were certified; nowadays, between 4,000 and 5,000 buildings are certified each year. As of 2010, there were about 24,000 Minergie-certified buildings accounted for Switzerland and abroad. The market share in the field of new buildings accounts for 25 per cent in Switzerland and even 50 per cent in the Canton of Zurich (CCRS 2010: 10).

From a global perspective, Switzerland has been playing a pioneering role in energy-saving housing thanks to Minergie. In terms of construction activities and number of inhabitants, Minergie claims to be the most successful sustainable-construction standard worldwide (Baublatt 2011). Given the large amount of interest across the world, the standard has been exported to other countries, with the core markets being France, Germany, Italy and the United States.

Other markets, especially in fast-growing emerging economies, will also be of great interest in the coming years. However, it is much easier to export a Swiss army knife than a building standard. A good network is essential to helping promote the standard in potential new markets. Given this fact, the AMI, together with public and private stakeholders, is currently elaborating an adequate strategy for exporting the standard.

Since Switzerland’s cantons have legislative power over real estate issues, the AMI collaborates with the energy agencies of the various cantons. While the standard is owned and developed by the AMI, the cantons hold Minergie certification authority. In 2008, the success of the voluntary Minergie standard motivated the Konferenz Kantonaler Energiedirektoren (EnDK) to tighten

486 www.minergie.ch/label.html.
487 Conference of Cantonal Energy Directors (www.endk.ch).
their directives for the whole real estate sector by involving some aspects of the Minergie standard in its directives. This can be seen as an indicator of how the AMI has been a pioneer and benchmark-setter in terms of energy-saving buildings in Switzerland.

As 70 per cent of the existing buildings in Switzerland consume too much energy, the challenge for the Swiss construction sector is to promote energy-saving renovation. Through the Gebäudeprogramm and similar initiatives, the public sector has been a strong supporter of Minergie when it comes to renovation. However, owing to the conservative nature of the construction sector, Minergie Schweiz thinks that the AMI will have to do more to win over elements of the private sector and particularly focus on SMEs.

In 2011, the first energy-positive houses were constructed and certified according to the new Minergie-A standard. In the first 10 months after the launch of the standard, 20 buildings were certified. Although the AMI considers this a success, the challenge for electricity-grid operators in the coming years will be how to manage and redistribute energy that is produced locally by small plants integrated into buildings.

10.2.3 Promoting sustainability in the financial sector: The Sustainability Forum Zürich (financial sector)488

The Sustainability Forum Zürich (TSF) is an independent, nonprofit, nonpartisan association. The TSF was initiated in 1999 by Ernst A. Brugger (together with leading representatives drawn from business, academia and public authorities) in order to promote the Greater Zurich Area as a focal point of a sustainable Swiss economy with an international outreach. Zurich was chosen as its location because the city is considered a major European financial hub with top universities.

The TSF focuses on sustainability topics that are relevant to the financial sector. The purpose of the association is to organise and stage the annual International Sustainability Leadership Symposium and other dialogue events as well as to conduct relevant research and projects. The target groups are decision-makers and senior experts in the financial industry, academia, civil society organisations and public authorities. Its dialogue platforms are seen as a process of continuous learning to promote a sustainable society, focusing on the financial sector and its role as a lubricant of the real economy489.

The TSF’s objective is to contribute to sustainable business in the dynamics of globalisation by promoting forecasting, reflection and action in financial markets and by its key players. Its mission is to take up topics relevant to the future via active dialogue with internationally recognised leaders and deci-

---

488 The following information is based on an interview with Thomas Streiff, CEO of the Sustainability Forum Zürich and information available on its website (www.sustainability-zurich.org).

Illustrative examples of sector-specific Corporate Responsibility initiatives

Decision-makers, thereby enabling the integration of sustainability principles in the financial market so as to reach the following objectives:

1. to “get fit”, that is, to get the main players fit through early recognition of social, geopolitical issues and trends relevant to the financial sector and its stakeholders;
2. to “challenge mind-sets” of decision-makers from the financial sector concerning their corporate responsibility; and
3. to “promote options for actions” for financial-market players. The aim, in this case, is to improve the efficiency and effectiveness of market practices and instruments as well as to simultaneously create societal added-value.

After dealing with the service sector in general during its first few years, the TSF started to concentrate on the financial sector in 2006. The TSF has 14 members today, but Thomas Streiff, the organisation’s CEO, targets approximately 25 members. He considers this to be the ideal number because the TSF is a demanding association and membership also requires a substantial financial commitment. SMEs are also welcome to participate.

Although participating companies and public authorities have to pay substantial fees, the TSF assumes that membership brings with it advantages such as enhanced reputation, topic-related networking and a better position to explore market opportunities. Additionally, companies can build up trust with public authorities while working together on the board.

Major players in the public sector are Zurich, the city, and the Canton of Zurich, both of which are TSF members. Plans call for the role of the Office for Economy and Labour of the Canton of Zurich to be strengthened. This body supports the TSF with cantonal studies and by securing the involvement of key political players, and it also has some influence on the board. Additional public authorities are selectively involved, including the State Secretariat for Economic Affairs (SECO), the Federal Office for the Environment (FOEN) and the Federal Department of Foreign Affairs (FDFA). Furthermore, depending on the subject of the symposium, specific members of parliament are asked to participate. Industry associations, on the other hand, have only played a minor role and been sporadically involved.

Since it is an awareness-raising initiative, the TSF’s effectiveness can be measured in terms of “output” and “outcome”. It has organised 12 international symposia, about 15 “Sustainable Dialogue with Leaders and Pioneers” events and a few other minor events. Overall, the TSF has reached about 5,000 people (excluding the few thousand people who followed a debate that was streamed live online). In this way, the TSF has contributed to the growing awareness of CR in the sector. Likewise, the significance of SRI could also be

---

490 Public bodies pay CHF 10,000, medium-sized companies (up to 1,000 employees) pay CHF 25,000 and corporations pay CHF 50,000 annually.
deemed an outcome of such initiatives, although it is not possible to establish a causal link. In order to improve its performance, the TSF conducts internal and external evaluations. The latter refers to feedback from participants of the Annual Business Leaderships Symposium.

The TSF currently faces four major challenges. The first concerns the engagement of the various actors and results from the fact that it is sometimes difficult to convince the key people to participate in a dialogue. Within the public sector, for example, there appears to be competition between various federal agencies that sees some not accept an invitation to an event if others have also been invited. Secondly, it is difficult to maintain momentum in the case of regular conferences. Participation saw a peak in 2006, and changes in members and topics have been necessary to try to reach that level again. Thirdly, the right topic has to be found for each symposium since it is hard to keep the umbrella subject “sustainability” attractive over several years. Finally, conferences tend to generate little media interest, and more in-depth studies after symposia cost time and money.

After focusing primarily on the financial sector in 2006, the TSF suffered a loss of members in other sectors. As a result, the TSF decided to focus on its dialogue platform in order to enter into a more in-depth exchange of sector-specific knowledge. Due to its limited resources, the TSF will publish fewer research studies in the future. However, in collaboration with the WWF, the TSF has started certificate courses for its members on sustainable investment that will take place for the second time in 2012. Furthermore, the TSF is presently working together with Sustainable Finance Geneva on a “White Paper on Sustainable Financial Centre Switzerland” that will be published towards the end of 2012 (TSF 2012).

To conclude, three observations about sector-specific CR in Switzerland can be made. First, the promotion of sector-specific CR by the government is hard to find. Instead, one most often finds that initiatives have a multi-sectoral character. Furthermore, most of the initiatives that came to light during our research focus on energy efficiency (e.g., Minergie, the EnAW, the Klimastiftung Schweiz, the Gebäudeprogramm). Second, due to its relevance in Switzerland, most CR initiatives refer to the concept of sustainable development rather than to CR as a normative framework. Third, sector-specific CR initiatives tend to have low government but high private-sector involvement.

10.3 Comment

Global developments, such as the Kyoto Protocol, are drivers in terms of promoting the Swiss government’s role in CR. But national initiatives, such as Minergie, can also successfully influence political decision-making. Swiss
governments on the national and cantonal level tend to focus mainly on the environmental aspect of CR, especially when it comes to collaboration with the private sector. As a result, they concentrate on certain cross-sectoral aspects without considering sector-specific adaptations. Our research has shown that, in the majority of cases, initiatives have been launched by the private sector and occasionally gained public-sector support at a later time (e.g., with the EnAW and the TSF). Initiatives such as Actionsanté, however, seem to be the exception.

Thanks to Switzerland’s strong federalism, initiatives are also based on a local level. The government is supporting this link between different levels by measures aimed at local publicity. The advantage of this approach can be the greater legitimacy sometimes enjoyed by such initiatives.

As Switzerland is a consociational democracy, the political system is based on consensus rather than on majorities. Therefore, a steady implementation of sustainable-development policies can be expected.

References


11. Sector-specific Corporate Responsibility in the United Kingdom

Anja Schaefer

Summary

The economy of the United Kingdom (UK) is dominated by services and particularly financial services industries, and it was thus hard hit by the financial crisis. The UK has a long tradition of free trade, and its politics over at least the last 30 years have been characterised by a market orientation. UK governments have, on the whole, favoured light-touch regulation and voluntary rather than mandatory approaches to encouraging businesses to work in the public interest. The idea of corporate responsibility (CR) has a longer tradition in the UK than in other European countries. Likewise, government encouragement of CR has been on the policy agenda for several decades now. There are a number of initiatives aimed at specific industry sectors. These initiatives take a variety of forms and administrative arrangements. A voluntary CR approach to achieving public goods is generally favoured by industry, and such initiatives can have good industry response. However, in light of the financial crisis and stringent cutbacks in public-sector spending, the future of such initiatives is unclear.

11.1 Corporate Responsibility in the United Kingdom

11.1.1 General CR context

The UK has been strongly affected by the global financial crisis, with a fall in stock market prices and economic recession beginning in 2008. Several struggling banks needed state help, and some had to be taken into state ownership. The construction sector was also significantly affected, with falling house prices between 2008 and 2012 and reduced house construction (BBC 2009). A large public-sector deficit led the incoming Conservative-Liberal Democrat government to announce severe public-sector spending cuts in a "comprehen-
sive spending review” in 2010. The full extent of these cuts will, however, not come into force before autumn 2012, and further economic repercussions are expected for then, particularly in the less economically strong northern and western areas of the UK (HM Treasury 2010).

Government CR policy in the UK has been guided by a win-win philosophy that assumes that CR should be good for long-term business success as well as for society at large (DTI 2003). The UK government has been one of the more active European governments in the development of a political CR framework and related public policies (Albareda et al. 2008). The rise of CR in the UK can be traced back to changes in the capacity of the welfare state to address such issues as the onset of mass unemployment and fiscal stress from the late 1970s to the early 1990s (Matten and Moon 2008). Government powers have been more circumscribed or limited, and successive governments have used incentives and partnerships in more networked and consensual models of governing. In the wake of the privatisation of former public utilities and widespread changes in consumer culture and communication technology, companies in the UK have been asked by both government and civil society organisations to assume greater social and environmental responsibilities and to account more clearly for their impacts (Moon 2008).

Business in the Community (BITC), a leading CR business association (Grosser and Moon 2005), has provided a crystallisation point for the institutionalisation of CR principles and practice. Founded in 1982 following riots in a number of UK inner cities, its early focus was on urban regeneration. It has grown to address an increasingly wide remit of CR issues and is now, in its own words, “the largest and one of the oldest national business-led coalitions dedicated to corporate responsibility”. Despite its success in getting over 800 companies (by 2011) to adopt its CR principles, BITC has also attracted criticisms for being slow to engage with key issues, such as climate change, and for providing a fig leaf for companies that presumably only undertake modest CR efforts (Grayson 2007).

CR is relatively well-institutionalised in the UK, with a growth of business-led CR associations, an increasing number of organisations offering CR consultancy services, growth in the number of CR-related staff in business organisations, increasingly conspicuous CR reporting by companies, partnerships between companies and NGOs to tackle social and environmental issues, and the attention given to CR issues by the press and civil society organisations (Moon 2004, 2008).

Government CR initiatives have been guided by two broad motivations: (1) CR promised to draw businesses into the task of providing public-good outcomes, for example, in terms of unemployment or environmental sustainability; and (2) CR is seen as a less coercive form of business regulation that fits
with the UK government’s “better regulation” agenda (Moon 2008). In this context, UK governments have: (a) endorsed CR as an appropriate business activity; (b) facilitated CR, for example, through tax exemptions for corporations that take on and train the unemployed; (c) entered into CR partnerships with companies, business-led organisations and civil society organisations; and (d) mandated CR through public-procurement policies or the provision for public reporting of companies’ social, environmental and ethical impacts under the Companies Act 2006 (Moon 2008).

The Conservative government under Margaret Thatcher considered CR initiatives particularly in the context of high unemployment and inner-city decay. Some conspicuous efforts were made to draw businesses into training and employment schemes within the explicit framework of CR activities. The controversial privatisation of all major utilities also required a greater emphasis on CR in order to reassure the public (Moon 2004).

The Labour governments under Tony Blair and, later, Gordon Brown broadened the government-led CR agenda to include wider issues, such as education. CR was now seen as a more systematic feature of governance, and a fledgling CR infrastructure was established within the government. This included the establishment of the post of Minister for Corporate Social Responsibility within the then Department for Trade and Industry (DTI), the publication of a government white paper on CR and the establishment of a Corporate Responsibility Academy, also under the auspices of the DTI (ibid. 2004).

However, not all initiatives or infrastructure have been embedded in the long term. The CR Academy was only funded for two years and ceased to exist thereafter. Similarly, there is no longer a CSR minister. The current Liberal-Conservative administration under David Cameron has put in place stringent public-sector spending cuts and is unlikely to revive or develop CR infrastructure. Nonetheless, it is expected to continue to pursue CR initiatives as a more business-friendly and less costly alternative to top-down regulation.492

In this context, however, it should also be noted that many public-policy initiatives in the UK have initial funding for only two years, as was the case with the CR Academy instigated under the Labour government. After that time, they are frequently discontinued. New governments, and even those of the same political orientation, often prefer to start new policy initiatives rather than continue with old ones.493 As a result, there tends to be a certain discontinuity of political initiatives, which also applies to CR policies.

There are cross-cutting initiatives across a wide range of government departments, agencies and other public-policy organisations, although public spending cuts may have an adverse effect here. For example, the Regional

---

492 Information based on interviews at the British Retail Consortium and the Association of British Insurers.

493 Information based on an interview at Construction Excellence (www.constructingexcellence.org.uk).
Development Agencies (RDAs) have played an important role in promoting CR issues, such as the transition to a low-carbon economy, and have acted as an important intermediary between the central government and regional businesses and other stakeholders. However, as part of the current government spending cuts, RDAs were abolished at the end of March 2012, and their role was given to other pre-existing bodies.

UK CR policy relates to a wide range of issues, such as competitiveness, poverty reduction, community investment, environment, governance and workplace (Albareda et al. 2008). Two key issues deserve further elaboration here: climate change and transparency through company reporting on environmental, social and ethical issues.

Climate change is a key issue in many UK CR-related public-policy initiatives. The UK was the first country to introduce comprehensive climate-change legislation through the Climate Change Act of 2008 (DEEC 2008). The principle goals of the act had broad support across the political spectrum, although details were more controversial. The two key stated aims were to promote the transition to a low-carbon economy and to demonstrate UK leadership in climate-change efforts. The act set a legally binding target of an 80 per cent reduction in carbon emissions by 2050 and introduced a carbon-budgeting system.

Also in 2008, the Department of Energy and Climate Change (DECC) was formed, bringing together energy and climate-change responsibilities formerly held by other departments. The Committee on Climate Change (CCC) was established to advise the government on emissions targets and to report to Parliament on progress made in reducing greenhouse gas emissions. The Carbon Trust, a not-for-profit company, was founded to provide specialist support to help businesses and public-sector bodies cut carbon emissions, save energy and commercialise low-carbon technologies and thereby foster the transition to a low-carbon economy.

Another prominent CR issue in UK policy relates to environmental, social and governance (ESG) corporate reporting. In 2005, the Labour government under Gordon Brown started to introduce legislation that would have obliged companies under the Companies Act to report on the ESG impacts of their activities. Although this attempt to mandate ESG reporting was withdrawn, the Department for Business Innovation and Skills (BIS) launched a new consultation paper on the future of narrative reporting in 2010 and 2011 as part of the agreement that formed the Conservative-Liberal coalition (BIS 2010).

495 Both the Courtauld Commitment and the Strategy for Sustainable Construction link into climate-change policy and aim to contribute to achieving targets under the Climate Change Act of 2008.
496 www.decc.gov.uk/en/content/cms/about/who_we_are/who_we_are.aspx.
497 www.theccc.org.uk.
498 www.carbontrust.co.uk.
The results are still pending, but a voluntary—as opposed to mandatory—approach to including ESG information in the narrative part of annual reports is expected. In line with existing and emerging UK and European company law, and anticipating the outcomes of the consultation, private-sector organisations, such as the Association of British Insurers (ABI), have produced guidelines on how companies should report on ESG factors (ABI 2007).

11.1.2 Sector-specific corporate responsibility in five industry sectors

11.1.2.1 Chemicals and chemical products

The chemical industry is one of the largest manufacturing sectors in the UK, accounting for £10.6 billion, or 0.8 per cent of Gross Value Added (GVA), in 2009. It employs over 200,000 people, or roughly 0.6 per cent of the workforce. It has seen some restructuring in recent years, with a significant cutback in bulk chemicals and an increasing concentration in specialty chemicals and biochemicals. There has been a shift towards smaller businesses, and recent surveys indicate that 95 per cent of the workforce is employed by small or medium-sized enterprises (SMEs). The industry continues to see a breakup of the old giants, with smaller businesses either being sold off to management, venture capitalists or other specialty operators. This trend is demonstrated by the first significant restructuring of what was once the largest company in the sector, Imperial Chemical Industries, and the eventual takeover of its remaining operations by AkzoNobel in 2008.

The public perception of the chemical industry in the UK is that of a polluting and hazardous industry (DTI 2002), and the sector has taken steps to address this through CR and sustainability commitments and reporting. The UK chemical industry participates in Responsible Care, an initiative operated through national industry associations, such as the Chemical Industries Association (CIA), the Chemical Business Association (CBA) and others. For example, the CIA provides seminars, conferences and workshops across the UK on topics such as waste management, process-safety leadership and water management.

In 2004, the CIA produced a first set of sustainability guidelines and started publishing annual sustainability-related performance data. In 2010, it issued a renewed sustainability commitment with guiding principles on com-

499 Information is based on an interview with key information at the Association of British Insurers.
500 Compare figures in Table 2.3 in ONS (2011).
503 www.akzonobel.com/ici.
505 www.cia.org.uk.
507 www.cia.org.uk/ResponsibleCareRoot/Activities.aspx.
petitiveness, environmentally responsible innovation, the optimisation of resource use for a low-carbon future, health and safety, human rights, ethical behaviour and good governance (CIA 2010). Most companies in the sector issue regular reports on CR and sustainability issues, some of which are externally audited.  

Government policy related to the chemical industry falls into the scope of the BIS, although other departments—notably the Department of Environment, Food and Rural Affairs (DEFRA)—also make and support CR- and sustainability-related policy for the sector. The chemical industry in the UK is heavily regulated due to its potential for causing serious environmental and human harm. The BIS has a dedicated chemicals unit that promotes industry competitiveness and leads discussions on how to streamline regulation of the chemicals industry. The UK chemicals industry is also subject to the EU regulation Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). In the UK, this regulation is enforced by several government departments and agencies, including the Health and Safety Executive and the Environment Agency.  

11.1.2.2 Construction  
The UK construction industry added value worth £87 billion in 2009, representing 7 per cent of total GVA (ONS 2011). The sector employed over 2.1 million people, or about 6.8 per cent of the total workforce in 2010 (ONS 2011). The financial crisis has affected the industry significantly, particularly through reduced house-building activity (Manning 2009). In 2012, companies across the sector continued to face economic losses, potential closure and job losses.  

The construction industry has to deal with a number of CR issues also faced by other industries in some form or another, such as the nature and status of construction employment, health and safety, environmental concerns, relationships with communities and supply-chain relationships (Jones et al. 2006). More specific issues include the disruption from activities such as mineral extraction, construction, maintenance and demolition, in particular (Barthorpe 2010). At the moment, key sustainability issues centre around cutting carbon emissions, retrofitting energy-saving technology in existing buildings and reducing waste. In addition, construction can contribute to or detract from people’s health and well-being, feeling of security and sense of community through good or bad design.  

509 www.bis.gov.uk/policies/business-sectors/chemicals.  
511 www.cnplus.co.uk/news/company-downturn.  
512 Information based on an interview with key information at Constructing Excellence.  
513 www.constructingequality.net/zones/sustainabilityzone/responsibility.jsp.
The industry has been accused of being slow off the mark in engaging with sustainability and CR agendas (ibid.) and has had a poor record on customer relations, health and safety, and environment (Corporate Watch UK 2004). It produces around 120 million tonnes of waste per year (32 per cent of total UK waste), accounts for 31 per cent of all UK van miles and creates up to 68 million tonnes of CO₂ equivalent each year (10 per cent of total UK greenhouse gas emissions).514

A unified industry approach to these issues is hindered by the fragmentation of the industry, which is represented by over 240 different industry associations.515 However, larger companies in the sector, in particular, have made strides towards giving CR issues more prominence, for example, through the publication of CR or sustainability reports and visions (Balfour Beatty 2009, 2010).516

Although primary policy responsibility for the construction sector lies with the BIS, other government departments (e.g., the DEFRA and DECC) also have responsibility for aspects of CR and sustainability policy relating to the construction sector. In 2009, the BIS attempted to bring together a wide array of government policy relating to sustainability in the construction sector in its Strategy for Sustainable Construction. Under the coalition government, a new but related initiative was started with the Low Carbon Construction Action Plan (HM Government 2011). Through the Strategy for Sustainable Construction and, more specifically still, the Low Carbon Construction Action Plan, the construction sector is a key sector through which the provisions of the Climate Change Act of 2008 are expected to be delivered. Public-sector procurement policy is one of the main routes by which the government is trying to encourage greater CR in construction (see Appendix 1).

11.1.2.3 Wholesale and retail trade
The wholesale and retail trade (WRT) sector in the UK had sales of over £300 billion in 2011517 and made up 10.9 per cent of GVA in 2009 (ONS 2011). It employed over 8.1 million people, or 26 per cent of the UK workforce, in 2010 (ONS 2011). The sector is significant due to its size and also because retailing, in particular, interacts very directly with people’s lives. Many areas of retail have seen significant concentration in the last two decades. Increasing proportions of retail trade are conducted by large multi-store retailers, often situated at the periphery of towns and cities, rather than by smaller high-street shops. The financial crisis that started in 2008 has had an impact on the retail sector, and several retail companies have reported losses or gone out of business.

514 www.constructionline.co.uk/static/buyers/CRPages/CSRBenefits.html.
515 Information based on an interview with key information at Constructing Excellence.
516 www.about.taylorwimpey.co.uk/What-We-Do/Sustainability-and-Design/Environmental-Sustainability; www.barrattdvelopments.co.uk/barratt/en/ourbusiness/sustain.
517 www.brc.org.uk/brc_home.asp.
CR concerns in retail and wholesale in the UK include the concentration of retail power, the demise of independent high-street retailers and environmental issues (e.g., waste and long distribution channels) as well as issues surrounding high-fat, high-sugar foods. The sector has shown an increased CR engagement in recent years. Key CR issues identified in retail firms’ reports and websites include support for British food producers, fair trade, fitness, healthy living, healthy eating, organic produce, sustainability, employment policies, charitable giving and support for local communities (Jones et al. 2007).

Large retailers, in particular, have been active in developing CR policies and producing CR reports. For example, in its 2011 CR report, Tesco, one of the largest food retailers in the UK, mentions not only CR issues such as community, healthy lives and education, but also global environmental problems, such as climate change and deforestation (Tesco 2011). Similarly, the major retailer Marks & Spencer devotes a significant part of its company website to CR issues, looking at issues such as ‘climate change’, ‘waste’, ‘natural resources’, ‘people’ (staff, customers, community) and ‘ethical trading’.

Individual companies and the industry as a whole—through its industry association, the British Retail Consortium (BRC)—have engaged in a series of wide-ranging initiatives aimed at fostering greater corporate responsibility on issues related to the environment, energy, responsibility towards consumers and suppliers, the regeneration of the high street and food and nutrition, among others. In 2012, the BRC published a new report on sustainable retailing (BRC 2012). The report details the retail sector’s contribution to meeting government targets on reducing carbon emissions, waste and resource-usage, and it also admits that some targets have not been very challenging to meet. Likewise, it urges the sector to collaborate more extensively in efforts to develop a sustainable business model.

Only part of the retail industry’s social and environmental impacts is generated through its own operations. A large part is generated through its supply chain and through customers’ use of its products. In the groceries sector, the retail industry has significant influence on farming practices and the sustainability of the farming sector. Other key supply-chain issues relate to working conditions and human rights in supplier companies, waste, the safe handling of chemical products and other issues. Indeed, issues such as food or packaging waste can often be best resolved by working actively with members of the supply chain, including manufacturers and wholesalers.
11.1.2.4 Information and communication technologies

The information and communication technologies (ICT) sector accounted for over £77 billion, or about 6.1 per cent of GVA, in 2009 (ONS 2011). Over 1.1 million people, or 3.6 per cent of the workforce, were employed in the industry in 2010 (ibid.). Until 1982, the provision of civil telephony in the UK was dominated by Post Office Telecommunications, a state-owned monopoly. Broadcasting was delivered through the duopoly of the British Broadcasting Corporation (BBC) and the Independent Broadcasting Authority (IBA). Civil telephony was privatised in 1984, the post office system evolved into British Telecommunications (BT), and competition was introduced into broadcasting and civil telephony.

Telecommunications in the UK are regulated by the Office of Communications (Ofcom), which has regulatory authority over the television, radio, Internet, telecom and postal sectors. It has a statutory duty to protect the interests of citizens and consumers, to promote competition and to protect the public from what might be considered harmful or offensive material (Office of Public Sector Information 2002).

Many CR issues in the ICT sector are common to business in general. For example, BT reports on CR in terms of community involvement, care for the environment, workforce diversity and developing products that help customers improve their own sustainability performance.523 Similarly, the mobile-telephony company O2 reports on economic impacts, customers, workforce, supply chain, energy and CO₂, waste and recycling, water consumption and community involvement. Some specific social and environmental impacts concern fair access and fair and transparent pricing for consumers,524 the environmental impact of mobile-phone technology (Kinver 2006) or the regulation of Internet access and illegal file-sharing (Day 2006).

11.1.2.5 Financial services

The financial services industry has been a dominant one in the UK for a long time. Its added value was about £126.9 billion, or approximately 10.1 per cent of UK GVA, in 2010 (ONS 2011). The sector employed more than 1.1 million people in 2010, representing 3.6 per cent of total employment in the UK (ONS 2011). Since the 1980s, there has been significant growth in the sector, fostered by a doubling of household disposable incomes (ONS 2009), a more than 50 per cent rise in home ownership and a growing demand for pension-related products. The rise of institutional investment funds, light regulation and low capital gains taxes also promoted London as a fast-growing financial hub.

The global financial crisis that unfolded in 2008 hit the UK financial services industry hard. Several UK financial institutions had to be bailed out by

524 www.guardian.co.uk/media/2012/mar/01/ofcom-mobile-phone-bills-usage.
the state or were taken into state ownership. This turmoil has presented the industry with new challenges, including increased public hostility and political scrutiny (PWC and CBI 2010), with criticism crystallising around tax evasion and bonus payments. The government’s new role as a majority shareholder in some firms has also raised fresh questions about in whose interests the financial services industry should be run—that is, in the interests of shareholders or society at large (Open University 2011). Tighter regulation, as recommended in the Turner Review (FSA 2009), may somewhat reduce the attractiveness of London as a financial centre in the future.

Financial services in the UK are currently regulated by the Financial Services Authority (FSA), whose main objectives are to promote market confidence, financial stability, consumer protection and the reduction of financial crime. However, by the end of 2012, the FSA will be restructured into the Prudential Regulation Authority and the Financial Conduct Authority, and its crime-fighting responsibilities will transferred to the new Economic Crime Agency (FSA 2011).

CR issues in the financial services sector can be roughly classified into those issues pertaining to investment on ESG reporting) and those pertaining to the conduct of firms’ own operations, including the extent to which customer needs are being met. Many of the CR issues relating to firms’ own operations are not fundamentally different from those faced by any organisation. Distinctive issues relate to meeting customer needs in the development of financial services products and customer service.

Among the notable CR initiatives in the UK financial services sector are the FORGE guidelines and the Responsible Lending Initiative of 2005/2006. The former were published in 2002 by a group of leading financial services institutions (the FORGE Group) in conjunction with three UK government departments (the DTI, the DEFRA and the Department for International Development), the British Bankers’ Association and the Association of British Insurers (Forge Group 2002). The guidelines aim to provide clarification on CR issues and the role of CR in financial services and to provide guidance on the implementation of CR management in financial services firms (Gibbons 2011). The Responsible Lending Initiative, on the other hand, was an ultimately unsuccessful private-sector initiative that aimed to construct a Responsible Lending Index and a forum for stakeholder discussion on responsible lending. The initiative eventually failed due to lack of interest from parts of industry and some industry bodies (Richards et al. 2008). Of a somewhat different nature but aiming in the same direction of greater protection of consumers is Treating Customers Fairly, a mandating initiative of the FSA.
11.2 Illustrative examples of Sector-specific CR initiatives

The three examples below represent different types of sector-specific CR initiatives and illustrate different aspects of the UK policy and institutional context in which such initiatives operate. The Courtauld Commitment is an example of an entirely voluntary initiative that is operated by a government-funded nonprofit organisation and aimed at a substantial but limited CR issue: waste reduction in the food supply chain. Secondly, the Strategy for Sustainable Construction is interesting because of its complexity, its link to multiple other public- and private-policy initiatives, the number of different public and private bodies involved, and the distribution of target “ownership” among multiple public bodies. It is a good reflection of the complex policy context surrounding construction. Lastly, Treating Customers Fairly is an example of a mandatory initiative that operates on high-level principles rather than on detailed prescriptions for behaviour and thus resembles voluntary initiatives in many respects.

11.2.1 Reducing food and packaging waste: The Courtauld Commitment (WRT)\textsuperscript{526}

The Courtauld Commitment is a partnering initiative aimed at reducing the amount of household waste sent to landfills as well as the environmental burden of food and packaging waste, including its carbon footprint. It is named after the Courtauld Institute of Art, in London, where its first meeting was held in 2005.

There are two phases to the commitment: Phase 1 ending in 2008, and Phase 2 ending in 2012. A third phase has been discussed, but no decision had been made by the time of this writing. The objectives of Phase 1 were: to eliminate further growth in packaging waste by 2008; to reduce the total quantities of packaging waste by March 2010; and to address and reduce food waste by 155,000 tonnes by 2010 compared to 2008. Phase 2 has had a more holistic focus on the total impact of food packaging, including that produced by intermediaries and elsewhere in the supply chain, the carbon impact of packaging and the recycling and re-use of packaging (WRAP 2012).

The Courtauld Commitment is targeted at both individual companies and their trade associations. Initial involvement covered only the retail industry, but the food and beverages industries became a significant participant during Phase 1, and both have been involved from the start in Phase 2.

The government was motivated by the requirements of the EU waste directive, by the need to reduce carbon emissions from waste under the Climate

\textsuperscript{526} The following section is based, inter alia, on interviews with key informants at the British Retail Consortium (BRC), the Food and Drinks Federation (FDF) and the Waste & Resources Action Programme (WRAP).
Change Act and by consumer concern. For businesses, less waste means lower costs. Local authorities need to meet waste-reduction targets of the central government and find ways to deal with waste without the need for new landfill facilities. In 2008, the UK produced approximately 290 million tonnes of waste. While recycling rates increased significantly in the first decade of the 21st century, the UK still sends a higher proportion of its waste to landfills than the average European country.527

Responsibility for the initiative lies with the Waste & Resources Action Programme (WRAP), a government-funded nonprofit company. The WRAP “owns” the targets and publicly reports on them on a regular basis. Companies sign up with the understanding that they will strive to contribute to the targets but are not themselves accountable for them. The WRAP helps signatory companies develop waste-reduction plans and provides free consultancy.

The initiative only has a small initial funding base. It is run by a small team within the WRAP, which itself is government-funded. The main work is done by retailers and food manufacturers, which collaborate to reduce packaging and food waste. In many instances, this is cost-neutral or even reduces expenses after an initial investment. For these reasons, the initiative fits well into a commercial framework for most large retailers, which are happy to consider investments with a seven-year payback period. However, it is less commercially viable for small firms that need to work with much shorter payback periods.

As a voluntary agreement with high industry participation that is aligned with the commercial interests of businesses, the Courtauld Commitment has enjoyed a high degree of acceptance within the industry. Some internationally operating signatories would even like to see similar ways of working established in countries other than the UK, as they find this a helpful way of making progress on specific CR issues.

Two of the originally three targets set for Phase 1 have been met: (1) eliminating growth in packaging waste (zero growth achieved in 2008) and (2) reducing food waste by 155,000 tonnes (exceeded with 270,000 tonnes less food waste arising in 2009/2010 than in 2007/2008). The target of reducing the total amount of packaging waste over the same period was not achieved, with total packaging remaining constant at approximately 2.9 million tonnes between 2006 and 2009. The main reasons behind this failure were the facts that there was a 6.4 per cent increase in grocery sales volumes since the agreement began in 2005, and a greater proportion of the overall market for beer and wine was covered by retail sales rather than the restaurant and pub trade. Bottles and cans for beer, wine and cider represent one-third of all grocery packaging by weight (WRAP 2010).

For Phase 2, the WRAP reported the following total reductions: 4 per cent in waste arising in the supply chain; 5.1 per cent (295,000 tonnes CO₂ eqv-
Illustrative examples of Sector-specific CR initiatives

lent) in greenhouse gas emissions linked to transit packaging; 6.9 per cent (226,000 tonnes) in the weight of transit packaging; and approximately 3 per cent (about 260,000 tonnes) in food and beverage waste from households (WRAP 2011).

Looking ahead, the initiative (or something similar) may continue, with requests from industry for the WRAP to extend the Courtauld Commitment beyond Phase 2. Industry is also participating in a new Product Research Forum, also under the auspices of the WRAP, to look at the potential of having a voluntary agreement regarding more complex measures related to the life-cycle assessment of products and carbon footprinting. This kind of initiative could also work for other industries and other issues.

In fact, the WRAP is using a very similar approach to drive the waste-reduction target under the Strategy for Sustainable Construction (see below). It should be noted, though, that the Courtauld Commitment is seen as working well because it is aligned with companies’ commercial interests—that is, because reducing waste has positive cost implications. In areas with less obvious alignment between public and commercial interests, this type of agreement may work less well. The success of this initiative may also be related to its specific UK policy and institutional context and, for these reasons, it may be less replicable elsewhere. It should also be noted that the initiative addresses a small, well-defined area of the environmental impact of the food-manufacturing and -retailing industries. It is not clear whether much larger questions related to the overall sustainability of contemporary food production and trade (e.g., the long-distance food trade, concentration in retailing, the power of large retail chains) could be addressed by similar voluntary initiatives.

11.2.2 Building for a greener future: Strategy for Sustainable Construction (construction)528

The Strategy for Sustainable Construction is a high-level, joint industry and government strategic document published in 2008 under the auspices of the Strategic Forum for Construction and several government departments. It combines several strands of public policymaking related to the construction sector as well as industry initiatives on sustainable construction. With the change in government in 2010 and the subsequent development of new public-policy initiatives, the Strategy was not officially abolished, but it did lose much of its momentum and traction within the industry.

When the Strategy was developed, a variety of stakeholders, such as industry bodies, regional development agencies and NGOs, were consulted. The draft was changed to some extent as a result. Stakeholders can have a signifi-

528 The following section is based, inter alia, on interviews with key informants at the National Housing Federation and Construction Excellence as well as on personal communication with Jacqui Glass, Senior Lecturer in Architecture and Sustainable Construction at Loughborough University.
The Strategy aimed to promote sustainable construction by providing clarity on existing policy and sign-posting the future direction of government policy (HM Government 2008). The intention was to address a small number of key issues. The Strategy includes targets relating to both “means” and “ends”. Means relate to: (1) providing procurement guidelines and advice to both public- and private-sector buyers; (2) evaluating the design quality of buildings; (3) innovating in terms of research, knowledge-transfer platforms and networks; and (4) providing training, generating demand for it and encouraging its uptake. Ends are defined in terms of climate-change mitigation and adaptation, water, biodiversity, waste and the use of sustainable materials.

The Strategy must be seen against a complex social, economic and public-policy background. The construction industry is one of the engines of economic growth in the UK and a main provider of employment and training. Due to its size and complexity, the industry does not have a single “home” within the UK government. Rather, several different government departments (including the BIS, DEFRA and DECC) all have an interest in and an oversight function for some aspects of the industry. As a result, responsibility for the Strategy is dispersed. The complexity and fragmentation of the industry is further illustrated by the fact that it is represented by over 240 industry associations and bodies.

Officially, the Strategy was under the auspices of the Strategic Forum for Construction, a partnering organisation with representatives from government and industry. While the Forum was responsible for reporting on the Strategy, the targets did not necessarily lie within its sphere of influence but, rather, were “owned” by other parts of the industry or government, such as the WRAP, which is responsible for the waste-reduction targets. Dividing ownership of the targets among different bodies was a common-sense approach to reflect the complexity of the industry.

The Strategy consists of a complex set of high-level targets linked to legislation, such as the Climate Change Act, and drawing together numerous other initiatives, both public and private. Strategy targets and regulatory requirements are sometimes complementary, such as in the case of a target to halve waste to landfill. Larger building projects are subject to the stringent Site Waste Management Plan regulation. As they had to comply with this regulation in any case, it was easy and useful for large-building contractors to also commit to the Strategy’s “halving waste to landfill” target. The Strategy has a strong element of public-sector procurement, which links with a more general focus on better public procurement through the Sustainable Procurement Ac-
Illustrative examples of Sector-specific CR initiatives

Although the main focus of the Strategy was on public-sector construction projects, there was also an aim to have it also extend into private-sector projects. Target groups were different for the diverse targets of the Strategy. For example, much of the strategy related to sustainable sourcing and procurement was primarily addressed at public-sector purchasing, whereas the “halving waste to landfill” target was primarily addressed to building contractors.

With some exceptions, such as the mandatory Site Waste Management Plans for large projects, most provisions covered by the Strategy were entirely voluntary for industry. Some companies used the Strategy as a framework to report good practice, but it seemed to have little relevance for many others. Awareness of the Strategy and its individual targets remains mixed across the industry, with SMEs, in particular, showing low levels of awareness. Within industry, trade associations seemed to embrace the Strategy and were pushing awareness and engagement among their members.

A first progress report was issued by the Forum in 2009 (HM Government 2009). Although further annual progress reports with respect to specific targets were envisaged by the Strategy Document (HM Government 2008), none have actually been published. There were different target dates, and there has been varying degrees of progress. To give an example, one target, developed by WRAP, was to halve construction waste sent to landfill. Large-building contractors signed up readily to a WRAP-devised outreach programme, in part because it helped them comply with regulatory requirements of the Site Waste Management Plan and because waste is a major cost factor for them. It proved more difficult, however, to engage SMEs and building consultants because they felt that they did not have any direct control over waste and were consequently reluctant to commit to any targets.

The Strategy for Sustainable Construction was meant to bring together existing regulatory and voluntary frameworks rather than to propose something entirely new as an additional burden on the industry. This was both its strength and its weakness. On the one hand, it allowed for the development of targets complementing existing policy frameworks. On the other hand, though, it also meant that no single body had control or even oversight over the entire strategy, which led to a multitude of problems in terms of meeting and evaluating of targets. Likewise, while elements of the Strategy were well-known and relevant to sectors within the industry, others were seen to be less relevant or were largely unknown. While the Strategy was not officially abolished at any stage, it now seems to have largely been superseded by new policy initiatives, such as the Low Carbon Construction Action Plan launched in 2011 (HM Government 2011). It is likely that individual elements of the Strategy would work in other industry or national contexts. However, the complexity of its targets and responsibilities seemed to work against the overall Strat-
A better deal for customers: Treating Customers Fairly (financial services) 529

Treating Customers Fairly (TCF) is a mandating initiative of the Financial Services Authority (FSA), the regulatory body for the financial services industry in the United Kingdom. Although it ran as a discrete initiative from 2004 to 2009, its principles continue to apply, and the fair treatment of customers remains a key focus of financial regulation. TCF applies to all retail financial services firms in the UK, including small firms and sole traders.

The FSA’s overall regulatory aim is to maintain efficient, orderly and clean markets and to help retail customers achieve a fair deal (Edwards 2006). This aim is embedded in a number of high-level “Principles of Business”, which include the requirement that firms attach high importance to customer interests, communicate in a clear, fair and non-misleading way, and manage conflicts of interest fairly (FSA 2002).

TCF was initiated following a series of market failures in terms of financial retail conduct. These particularly had to do with providing poor investment advice and selling unsuitable pension plans and endowment mortgages. These scandals pre-date the current financial crisis, as does the TCF initiative. The aim was to make sure that customers’ interests are taken into account at all stages in the life cycle of financial services products, including product conception, the identification of target markets, product design, market testing and launch, sales, after-sales service and the complaints process.

TCF applies to all retail financial services firms in the UK, including SMEs and sole traders. There seemed to be some acceptance in the industry that, given the fact that large parts of the industry needed state aid and the state now held majority stakes in large banks, it was legitimate for stakeholders to hold the industry accountable for its contribution to the public good. Moreover, demonstrating that they treated customers fairly was part of this accountability.

For larger firms (e.g., large banks), there is a dedicated FSA supervisory team that meets regularly with the firm in question. During these supervisory meetings, firms are expected to demonstrate how they implement TCF principles and how this has led to improved outcomes for customers. During the lifetime of the discrete TCF initiative, the FSA sometimes subjected smaller firms to thematic reviews looking at an individual aspect of TCF, such as management information.

529 The following section is based, inter alia, on interviews with key informants at the British Bankers’ Association and the Association of British Insurers as well as on personal communication with Rory Sullivan, Senior Research Fellow for the Centre for Climate Change Economics and Policy at the University of Leeds.
Illustrative examples of Sector-specific CR initiatives

The FSA measured progress on TCF mostly by looking at the quality of the TCF-related management information that firms could use to show improved customer outcomes. It regularly reports on its progress. In 2007, the FSA found that even though most firms showed evidence of taking the TCF initiative seriously, this had still not translated into consistently improved customer outcomes (FSA 2007). By March 2008, the FSA found that although only 13 per cent of large firms had met the interim requirements, 80 per cent of them were expected to meet the requirements by December 2008 (FSA 2008a). In hindsight, industry experts felt that the TCF initiative had made some difference, particularly in the development of useful management information and in the formal reporting of TCF measures. However, they also believed that much remained to be done, particularly in terms of changing firm culture towards a greater focus on customers.

As a specific mandatory initiative, TCF ended in December 2008, and TCF principles were then moved into the core supervisory framework (FSA 2008b). In the wake of the financial crisis, financial regulation in the UK is being restructured from 2012 onwards, and it is expected to become more outcomes-based (as opposed to the principles-based approach taken previously and evidenced in the TCF principles) and to include more intensive supervision (Sants 2010). Future regulation is expected to put greater emphasis on prudential aspects, and the relative weight given to customer operations may diminish somewhat.

This example also demonstrates the difficulty of regulating a diverse and powerful industry in a political context that promotes light-touch regulation. TCF focused on regulatory principles and left it to firms to define for themselves what this meant and how they were to achieve and demonstrate it. There are perceived advantages to this, not least because it permits relatively great operational freedom to firms and allows for freedom in implementation that is, at least in principle, appropriate to the nature and business model of the firm in question. However, this principle also leads to the main perceived shortcomings of the initiative: its lack of clarity in terms of what the regulator expects firms to do (Edwards 2006), its lack of sufficient progress in terms of putting customer outcomes at the heart of firm culture (FSA 2008a) and a feeling that, at least for some firms, this had become more of an exercise in box-ticking.

The three initiatives discussed above and their relative success can be seen as being strongly embedded in the UK's political structures, power relations and cultural background. A business-friendly, free-market tradition seems to have predisposed successive UK governments to work through voluntary agreements or high-level regulatory principles rather than through detailed prescriptions for behaviour or outcomes.

The voluntary Courtauld Commitment was established in preference to more prescriptive packaging regulations, such as those found in other coun-
tries. Sustainable construction was to be fostered by bringing together existing policies and, again, by working mostly—albeit not exclusively—through voluntary arrangements rather than by generating new regulations. TCF, while a mandatory instrument, was set up to work through high-level principles and left firms to define for themselves what this meant for their business instead of prescribing particular approaches to customer treatment.

The examples also provide some insight into where such CR-related public-policy initiatives may be more or less successful. Based on responses and published comments, the Courtauld Commitment seems to have been the one initiative to have met with some success, albeit in a closely defined area. In this case, institutional entrepreneurship by government bodies may have worked more easily owing to an alignment of interests. However, this is less evident for the two other initiatives. In the case of the Strategy for Sustainable Construction, institutionalisation seems to be hindered by the dispersion of different aspects of the strategy among multiple “owners”, which is perhaps demonstrated to some degree by the relative lack of awareness of the strategy. In the case of TCF, strong countervailing institutional logics and organisational cultures seem to have hindered the desired change in firm culture.

11.3 Comment

There is a tradition in the UK of fostering CR and voluntary agreements with industry in order to achieve social aims. In this context, initiatives targeted at individual industry sectors seem to be a significant part of government approaches to CR. This does not mean that wide-ranging social or environmental legislation is not also put in place, such as the Climate Change Act of 2008. Nonetheless, successive administrations have seen merit in encouraging voluntary or semi-voluntary agreements and initiatives. It remains to be seen, however, to what extent the financial crisis that began in 2008, a subsequent change of government and radical public-sector spending cuts will limit any future initiatives in this area, particularly if they are linked with any significant government investment.

As a general pattern, CR-related public-policy initiatives in the UK tend to be situated not directly in government departments or with the civil service (or at least not in terms of operational control) but, rather, with devolved bodies, such as regulatory agencies (e.g., the Financial Services Authority), or with arms-length organisations specifically set up to achieve government aims on certain issues (e.g., the WRAP). It is felt that such organisations are better able to work with industry partners in a close and flexible manner than the civil service would be able to.\(^{530}\)

\(^{530}\) Information based on interviews with key informants from several industry associations.
The current UK government is committed to reducing regulatory burdens on industry and to operating a “lean state”. Despite ideological differences, the current government’s approach to this issue is fundamentally similar to those taken by previous administrations. Voluntary CR agreements are seen as preferable to legislative approaches because they require fewer resources on the part of both government and industry. However, there may also be no real pressure for companies to engage in CR efforts if they do not see the advantages of doing so. In any case, it is expected that future government policy will continue to rely on voluntary or semi-voluntary CR agreements in preference to hard legislation.

References


12. Features and Trends of Sector-specific Corporate Responsibility in Europe

Thomas Hajduk and Samuil Simeonov

Summary

This study is an initial foray into the emerging field of sector-specific Corporate Responsibility (CR). While the previous chapters have presented the empirical evidence that had been gathered, this chapter aims to make sense of the data. At first, this chapter offers a review of the empirical findings of sector-specific CR at the national level. Firstly, we outline three institutional approaches used by policymakers to promote sector-specific CR and four roles that public actors play in such initiatives (see Section 1). The next section presents an overview of the broad variety of sector-specific CR initiatives in the eight countries of research (see Section 2). After reviewing the general patterns of sector-specific CR, we deal with the strengths and limitations of different types of sector-specific initiatives. In doing so, we first introduce five performance criteria and then apply them to the illustrative examples presented in the country reports (see Section 3). The chapter ends with concluding remarks on the performance potential of the different types of sector-specific initiatives (see Section 4) and a short summary of the main findings (see Section 5).

12.1 Government approaches to promoting sector-specific Corporate Responsibility

As shown throughout this book, public actors at the European and national levels have been promoting sector-specific CR despite the lack of a public debate. This holds especially true for national governments, which are the focus of this book. As we have observed in the course of our research, none of the eight countries has an overarching approach to sector-specific CR. At the same time, there are diverse examples of sector-specific public-private collabo-
Features and Trends of Sector-specific Corporate Responsibility in Europe

ration with varying degrees of government involvement. Based on our empirical observations, we have identified three approaches to sector-specific CR that European governments have used in order to promote public-private collaboration in industrial sectors (see Table 12.1). The rest of this section deals with these institutional approaches and the concrete roles that governments play in order to promote public-private collaboration through sector-specific CR initiatives.

Table 12.1: Typology of governmental approaches to sector-specific CR

<table>
<thead>
<tr>
<th>Approaches</th>
<th>Promotion through</th>
<th>National level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evolutionary</td>
<td>pre-existing institutions (ministries, regulatory agencies, etc.) and</td>
<td>Industrial Watches (Spain); Working Group on Responsible Investment (Poland);</td>
</tr>
<tr>
<td></td>
<td>government-led institutions (working groups, roundtables, etc.)</td>
<td>Federal Office of Public Health (Switzerland); Procurement Agency of the Ministry of the Interior (Germany)</td>
</tr>
<tr>
<td>Intermediary</td>
<td>government-founded institutions (non-profit companies, foundations, etc.) launched to promote sector-specific CR</td>
<td>Waste &amp; Resources Action Programme (UK); MVO Nederlands (Netherlands); Observatoire BBC (France)</td>
</tr>
<tr>
<td>Strategic</td>
<td>inclusion of sector-specific measures in CR strategies and the development of sectoral strategies</td>
<td>Action Plan for CSR (Denmark); Strategy for Sustainable Construction (UK); Duurzam inkopen (Netherlands)</td>
</tr>
</tbody>
</table>

Evolutionary approach

This governmental approach to promoting sector-specific CR takes place within the mandate and the competences of already existing institutions, such as ministries, regulatory agencies and/or public procurement agencies. On the one hand, public actors engage directly in sector-specific initiatives by launching or joining new governance mechanisms and institutional arrangements. On the other hand, public authorities launch new institutions, such as stakeholder forums or working groups, in which they are one among several actors. In this regard, the evolutionary approach refers to the changing role of public institutions and emphasises the new types of governance mechanisms and institutional arrangements that public actors are increasingly employing in the field of CR. The latter is evinced by the high number of awareness-raising and partnering initiatives based on horizontal governance structures and processes (see Table 12.2).

The example of the so-called “Industrial Watches” (Observatorios Industriales) in Spain demonstrates this approach. The Watches are multi-stakeholder forums created by the Spanish Ministry of Industry, Tourism and Trade (MINETUR) in 2005 within the framework of the so-called “Declaration for Social Dialogue 2004”. The aim was for them to become permanent discussion platforms for the 10 key production sectors in Spain. In particular, the Watches
have advisory functions: They produce studies and reports and make policy recommendations to the government concerning the international competitiveness of the sectors. Each is composed of representatives of ministries, trade unions and business associations. Likewise, they are coordinated and funded by MINETUR, hold monthly meetings and have annual plans of activities approved by all participants. Although it was not an explicit part of their original mandate, some of the Watches (including that of the chemicals sector) have started to make specific recommendations on environmental and social aspects and have grown to become important players in the field of CR (see Ch. 9.2).\textsuperscript{531}

**Intermediary approach**

Some governments have promoted sector-specific CR through separate institutions explicitly dedicated to advancing CR. These government-founded and/or -funded institutions vary in terms of their legal and organisational forms (multi-stakeholder platforms, non-profit organisations, etc.) as well as the spectrum of issues they deal with. The difference between this and the previous approach is that the government is involved indirectly, that is, via an entity that is generally not a public-sector institution. \textit{MVO Nederland} in the Netherlands exemplifies this approach.

\textit{MVO Nederland} is an independent partner-supported NGO founded in 2004 by the Dutch Ministry of Economic Affairs. Among other government-funded projects, it realises a programme together with over 70 sector associations in order to support them in making CR more concrete for their members. The government is represented in the multi-stakeholder Programme Council by the Ministry of Agriculture, Nature and Food Quality. The Council advises the MVO’s board on strategic issues.\textsuperscript{532}

**Strategic approach**

Public actors can promote sector-specific CR by integrating sector-specific measures into CR strategies (Danish Action Plan for CSR) and/or by creating sector strategies that deal with the industry’s sustainability (UK Strategy for Sustainable Construction). The Danish government is a role model with regard to the former. Already in 2008, it published a National Action Plan including sector-specific activities and declared its willingness to create partnerships for climate responsibility in four sectors: financial investment, retail trade, construction and maritime affairs (Danish Government 2008). In the new action plan from 2012, the government expanded its sector scope to include guidelines for the fashion industry, increased activities related to the

\textsuperscript{531} Due to severe budget cuts, the government decided to suspend their funding in 2012. See: www.coco.com/comunes/recursos/1/doc108864_PGE_2012_MINETUR.pdf.

\textsuperscript{532} www.mvonederland.nl/content/pagina/aan-slag-mvo-oud.
As mentioned above, government involvement in sector-specific initiatives takes place through three different approaches. This study’s illustrative examples show that public actors—whether national or regional ministries, regulatory agencies or other public institutions—play different roles with varying degrees of involvement in such initiatives. In this regard, we have identified four roles of public actors within public-private collaborations:

**Contribute:** Governments can provide financial, technical and/or organisational support. In particular, in addition to funding, they can report on the outcomes of collaborations or provide know-how, such as assistance in creating content or organising conferences.

**Facilitate:** Governments can participate in developing such initiatives, join as patrons of private-led sector collaborations (which, e.g., could involve hosting the meetings of the initiative’s working groups) or be an active member of a multi-stakeholder forum.

**Manage:** Governments can be involved in an initiative’s governance structure (e.g., steering committees or expert groups). They can also assume intermediary or monitoring functions, for example, by making sure that companies are meeting their voluntary commitments.

**Regulate:** Public actors can engage by performing their traditional regulatory function. On the one hand, they can lead by example by setting standards for their own behaviour, such as with public procurement. On the other, they can use soft-law and mandating initiatives in order to encourage private engagement or set minimum standards through sector-specific initiatives.

As these four roles of governments suggest, public actors do not necessarily have to launch sector-specific initiatives in order to promote them. In fact, in many cases, they jointly launch such initiatives with private actors or join initiatives that were launched by solely private actors at an earlier stage.

On the private side, the main actors are trade associations, business networks, individual companies and civil society organisations. The role of trade associations deserves particular mention: Whenever public actors have not been initially involved in launching a sector-specific initiative, this role has usually been played by trade associations. Indeed, they have been initiators and decisive multiplicators of CR initiatives among companies because they are natural intermediaries between companies that are otherwise competitors. At the same time, some initiatives have also been created by individual companies and/or business or CR networks.
12.2 Variety of sector-specific initiatives

Over the course of our research, we identified 65 sector-specific CR initiatives in the eight countries we analysed. This number might even be higher since many of them have an implicit character and are therefore often not referred to as CR. However, this number still allows for some general statements to be made on the state of sector-specific CR in Europe.

Out of these 65 initiatives, 49 belong to the awareness-raising and partnering types. In contrast, we only found two mandating initiatives (see Table 12.2), which underscores the changing role of public actors, such as ministries and public agencies, from top-down regulators to actors in co-governance arrangements (see above).

Table 12.2: Number and type of sector-specific CR initiatives documented in Appendix 1

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Awareness-raising</th>
<th>Partnering</th>
<th>Soft law</th>
<th>Mandating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>65</td>
<td>26</td>
<td>23</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td><strong>Chemicals</strong></td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Construction</strong></td>
<td>15</td>
<td>3</td>
<td>3</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td><strong>WRT</strong></td>
<td>19</td>
<td>11</td>
<td>5</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td><strong>ICT</strong></td>
<td>11</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Financial services</strong></td>
<td>15</td>
<td>5</td>
<td>7</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Although the identified initiatives are relatively evenly distributed among all industry sectors, certain industries have varying degrees of affinity for certain types of initiatives. For example, while most soft-law initiatives are to be found in the construction sector, awareness-raising is the most common type in the WRT sector. Interestingly, the financial services sector is the only sector in which we have found mandating CR initiatives. What is more, these “patterns of affinity” can be generally observed across the eight countries despite their cultural and socioeconomic differences.

Furthermore, similar types of initiatives exist in parallel across different countries and/or levels. They often develop within different enabling conditions and can be successful despite their different genesis and ownership. For instance, low-energy housing initiatives such as Switzerland’s Minergie

533 The chemicals sector seems to an exception in this regard, as we only found five initiatives in it. The reason for this might be the presence of national chapters of the Responsible Care programme which would obviate the need for further sector-specific initiatives.
(see Ch. 10.2), France’s Effinergie (see Ch. 5.2) and Germany’s Passivhaus have the same aim. However, they were initiated by different groups of actors and demonstrate varying degrees of government involvement. Similarly, the AVE-Sektorenmodell (see Ch. 6.2) was scaled up to the European level to become the Business Social Compliance Initiative (BSCI). However, unlike its AVE predecessor, the BSCI does not include government involvement. The same holds true for Responsible Care, a purely private global initiative that cooperates with governments on certain issues. However, in the case of Poland, the government is involved in the governance structure of the national chapter.

As this section has shown, one can identify three governmental approaches to sector-specific CR across Europe and four roles of governments within sector-specific initiatives. These approaches and roles are expressed through four types of initiatives, namely, the types of public-private collaboration that we introduced in the beginning of this book: awareness-raising, partnering, soft law and mandating. Interestingly, if the rarer mandating type is disregarded, one sees that none of the other types is particularly dominant within the eight countries despite their different types of market economy (Hall and Soskice 2001), corporatist traditions (Siaroff 1999) and governmental actions or policies on CR (Albareda et al. 2007). Instead, what really matters is the particular context—or, in other words, the concrete problem in a given industry that needs to be addressed and solved by a sector-specific initiative.

This raises a number of questions about the sector-specific initiatives. Which type of initiative is more appropriate for addressing and solving a given problem? Can we identify criteria for good performance that do not depend on the different country and sector-specific context or on the type of public-private collaboration? The aim of the next section is to elaborate on these characteristics by evaluating the initiatives against some basic performance criteria.

### 12.3 Good performance of sector-specific initiatives

As understood in this project, sector-specific initiatives with government involvement constitute different types of institutional arrangements aimed at solving particular societal problems via public-private collaboration. Accordingly, such initiatives represent alternative governance mechanisms to the traditional mode of “government”, that is, top-down regulation. Their performance should therefore conform to the very same principles that characterise traditional forms of governance: legitimacy, effectiveness and efficiency.
In order to be perceived as legitimate by their participants, initiatives should allow for both the business and the public cases.\textsuperscript{535} In other words, they should offer business opportunities while fulfilling societal expectations. For this reason, each criterion in our evaluation has two aspects, and every initiative can be viewed from two sides. Furthermore, initiatives should be effective in the sense that they provide companies and society with short- and long-term benefits. Lastly, they should be efficient, that is, strike a balance between inputs and outputs. While initiatives should abide by certain procedural aspects (e.g., inclusiveness, openness and transparency) they should offer positive cost-benefit relationships for both companies and public actors.

Taking these factors into account, we defined five ideal criteria for good performance of sector-specific CR initiatives: (1) design, (2) ownership, (3) reliability, (4) immediate effect and (5) potential impact. The choice of criteria was influenced by the evaluation used in the expert survey (see Ch. 2.1) as well as by previous work on government CR policies (Peters and Röß 2010, Welzel et al. 2007). All five criteria were regarded as equally important and have two indicators (except for the immediate effect criterion).

Although all 24 illustrative examples of sector-specific initiatives were evaluated, their results cannot be easily compared and ranked for a number of reasons. Firstly, they reflect different types of public-private collaboration with different rationales. Secondly, as is the case with more general CR initiatives, there is an uneven distribution of types of initiatives within both countries and sectors (see Table 12.3). This particularly applies to mandating initiatives, which—if understood according to our definition—are rare beasts.\textsuperscript{536} Thirdly, as the case studies point out, each initiative has its specific country and industry context. In most cases, the initiatives have grown organically in their respective environment rather than by replicating a global or European model.

\textsuperscript{535} The actual business case, as understood in this study, is synonymous with a rationale that is primarily concerned with the company’s interests. However, rather than being limited to “companies”, it also includes networks and associations, all of which have slightly different views. Likewise, the public case is used synonymously with the “public good” or, in other words, the long-term interest of society. It also includes societal actors, such as non-profit organisations, trade unions, the media and academia.

\textsuperscript{536} Treating Customers Fairly was the only purely mandating initiative among the 24 case studies.
This said, it makes more sense to present the evaluation results with illustrative examples rather than with a constrained comparison. The aim is to show how the quality of sector-specific CR can be assessed and how such initiatives work. While the evaluation shows that no actual initiative can meet all five criteria, some initiatives score remarkably well across the board and are considered as models of best practice because they are most likely to cater to the interests of both sides of public-private collaboration (see Appendix 2). At the same time, other initiatives are particularly well suited to addressing certain performance criteria and are therefore presented below as good examples.

The design of sector-specific initiatives is important with regard to actors’ willingness to participate. It has two dimensions: First, there are the resources that are required to participate. For business, this is the initial investment. Since costs are a potential entry barrier for participants, no or low costs are preferable. For the public side, given the size of public budgets, it is not immediately clear whether a few thousand, hundred thousand or million euros are comparatively low or high costs. For this reason, public resources are assessed in terms of their duration. The underlying assumption is that CR initiatives should not be extensions of government policies or programmes but, rather, draw on the potential of the private sector.

---

**Table 12.3: Number and type of sector-specific initiatives included as illustrative examples**

<table>
<thead>
<tr>
<th>Total</th>
<th>Awareness-raising</th>
<th>Partnering</th>
<th>Soft law</th>
<th>Mandating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>24</td>
<td>7</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Chemicals</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Construction</td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>WRT</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>ICT</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Financial services</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

---

537 No costs means no extra costs; it is taken for granted that any serious commitment demands some organisational costs (e.g., working hours or infrastructure use). As long as these internal costs do not require significant investments (e.g., new employees), they are regarded as “no/internal costs”.

---
The second dimension of the design assesses the relationship between the aim of the initiative and the participants’ overall rationale. For the business case, this is the link between the initiative and the core business. The presumption is that it makes more sense for companies to join an initiative if its aims are linked to their core business. As for the public case, the question is about government’s core business, namely, addressing and solving societal problems. Hence, initiatives that tackle the causes rather than the symptoms of a given societal problem offer the best public case.
Kanon Dobrych Praktyk Rynku Finansowego (see Ch. 8.2)

The canon is a Polish soft-law initiative consisting of 16 principles of responsible business behaviour in the financial services sector, with an emphasis on consumer protection. There are no costs attached to the initiative – either for business or for government and other actors – which translates into a low entry barrier for all interested parties. The canon was developed by representatives of 30 organisations in regular meetings coordinated by the responsible regulatory body. Apart from the working hours of the participants, no further costs were incurred.

The canon is also practical because it is directly related to the core business of the industry. Instead of applying to their general conduct, it specifically refers to their daily business operations in retail banking. The same holds true in terms of the initiative’s problem approach: It addresses the problem of information asymmetries between financial institutions and customers at the structural level. From a public perspective, a soft-law initiative can improve the financial framework in which the problem is situated.

Ownership: participation and materiality

Even the most appealing initiative may struggle with attracting participants if they do not own a stake or share in it that makes them view it as legitimate. Ownership is described by two indicators. The first relates to the challenges addressed by the initiative. A contested challenge is one that only part(s) of a sector recognise or that only experts from one field deal with. Once other fields or actors are involved, the challenge is considered “agreed” because it rests on a wider basis of approval. From both perspectives, it is desirable to have agreed challenges because they boost an initiative’s ownership.

The second indicator for ownership concerns the degree of participation. In the business case, commitment can be considered both in terms of quality (participation by large companies) and quantity (engagement of large parts of the industry). The participation of trade organisations is an indicator of quantity because they usually represent a large number of companies.

The public case is expressed by inclusiveness of third actors, such as civil society organisations. Whereas observation limits actors to a passive role, control relates to any active stake they may have, either through formal structures or procedural involvement (e.g., being one of the founding members). In this regard, participation of controlling actors is most desirable because it distributes ownership among several actors.

538 For example, an environmental challenge is not “agreed” if only the Ministry of Environment deals with it since it is one specialised department (that is responsible for the topic anyway). However, if representatives from the Ministry of Economics or an NGO are also involved in the initiative, it can be seen as having broader backing and, hence, be deemed an “agreed” challenge.
Good performance of sector-specific initiatives

**Initiatief Duurzame Handel (IDH)** (see Ch. 7.2)

IDH is a partnering initiative in the Netherlands that uses matched funding to direct money towards investments that build sustainable supply chains worldwide. Since all of the projects launched under the IDH umbrella are voluntary and initiated by the companies themselves, the initiative naturally enjoys agreement within the industry. Indeed, in this way, companies decide how the challenge of global supply chains affects their business and how they can address it best. Moreover, IDH projects integrate the interests of many other stakeholders, including the government and various NGOs, whose cooperation testifies to the fact that a wider range of stakeholders agree on the initiative’s aims.

The large number of companies in IDH projects shows just how committed businesses are to the initiative. The quality of the commitment is also remarkable, as can be seen from the participation of well-known multinationals. Such commitment underscores the broad business approval of the initiative. What is more, IDH has also attracted other actors eager to make significant investments (e.g., NGOs have contributed some €27 million), which increases the amount of control they have over the initiative as well as their ownership.

The success of sector-specific initiatives appears likelier if they are *reliable*, that is, if the results of their activities are measurable and made transparent. The measurement of processes is particularly important for companies because it is a standard element in their everyday operations. While measurable outputs (e.g., numbers of audits and contracts or click rates) can convey relevant information, outcomes are preferable. For the public case, measurement is tied to transparency since even the best measurement system is useless for the public if its numbers are not accessible.\(^{539}\)

Apart from being measurable, goals should be perceived as feasible in order to attract business participation. In this case, we distinguish between general and specific goals. Specific goals are easier to tackle and thus preferable to general goals. At the same time, evaluations have become a common tool in the public sector for assessing policies, especially if considerable public funding is involved. An internal or in-house evaluation can be done by any participant and be rather informal. By contrast, an external evaluation is performed by a third party in a methodical manner and can therefore be more objective.

---

\(^{539}\) The difference between disclosure and reporting is the degree of formality. Disclosure is unstructured information given in different forms (e.g., on websites, in newsletters or in conversation). By contrast, reporting presents information in an often standardised and comparable format (e.g., GRI reports).
Frivillig gældsrådgivning (FG) (see Ch. 4.2)
The FG is a Danish partnering initiative between government, banks and NGOs that provides free financial advice to over-indebted Danes. The goals are measurable beyond simple outputs (e.g., number of consulted persons) and refer to aspects such as client satisfaction with the initiative or the experiences of the bankers who have voluntarily participated in the project.

Potential impact focuses on the long-term results of sector-specific initiatives. Impact is characterised as “potential” because participants can only presume what it could be rather than foresee it. For the business case, this is the competitiveness of a company or its long-term survival. A level playing field means that participating companies operate under the same conditions, such as by adhering to certain standards of behaviour. This is especially an advantage when looking at an industry as a whole. However, for an individual company, it is more desirable to obtain a competitive advantage.\(^540\) For the public case, the long-term outcome is reflected by the continuity of the initiative itself. If it contributes to the public good (i.e., has positive societal outcomes), then it should be further developed.

In addition to affecting competitiveness, participating in an initiative can also have intangible benefits, such as improvements in a company’s know-how and reputation, and generate added value. The latter offers benefits that support a company’s long-term survival, such as keeping its license to operate or generating more knowledge about customers.\(^541\) The added value for the public case results from the scalability of initiatives in other industries, countries or laws. The idea here is to replicate a successful initiative to other countries or industries or make it a legal standard for all. Since adaptations can be linked to additional costs and may not be feasible in every case, direct scalability is more desirable. It is noteworthy that scalability does not necessarily have to be planned; it can also be an unintended consequence of launching an initiative.

---

540 Whether the potential impact of an initiative can be a level playing field or a competitive advantage might depend on its design and type. For example, soft-law and mandating initiatives usually aim to create a level playing field rather than competitive advantages.

541 In fact, for some industries and companies, added value is part of their competitiveness. For example, brand manufacturers have to pay particular attention to their reputation, which can be considered one of their most valuable assets.
**Plan de Contratación Pública Verde** (see Ch. 9.2)

This Spanish soft-law initiative allows central government procurement agencies to give preference to companies with operating environmental management systems. The main impact was observed in the construction sector. While Spanish businesses were sceptical at first, their subsequent adoption of such instruments resulted in competitive advantages for them vis-à-vis their international competitors. As a result, they were among the leading companies in the renowned Dow Jones Sustainability Index. There is also a long-term effect for the public case because the initiative will be further developed, for example, by introducing new criteria (e.g., a company’s carbon footprint).

With respect to added value, construction companies have already benefited. By complying, they have gained knowledge about sustainable construction and enhanced their reputations by becoming known for their high environmental performance. This is matched by the scalability of the initiative, as seen by the fact that green public procurement has been practiced all over Europe for some years now. Even so, the Spanish case demonstrates a particularly successful implementation that could be directly emulated in other countries and possibly other industries.

The strength of this evaluation model is that it corresponds to the principles of good governance by offering a balance between legitimacy, effectiveness and efficiency. At the same time, the model demonstrates certain limitations. Firstly, the manifestations of some criteria cannot be as clear-cut as some might wish. Secondly, all criteria were regarded as equally important although, in practice, industry and other context variables might lead to different prioritisation. For example, initiatives aiming at mutual trust will probably pay particular attention to legitimacy and reliability. By contrast, initiatives striving for quick wins on specific issues may pursue high reliability and immediate effect while perhaps deliberately sacrificing a degree of ownership.

**12.4 Strengths and limitations of sector-specific initiatives**

As demonstrated in the previous section, a set of criteria for good governance determines how well a sector-specific initiative performs. Furthermore, there is a broad variety of institutional arrangements in which public actors play different roles. For example, although a CR conference and a fair-trade label can both be classified as awareness-raising initiatives, they have different characteristics. Thus, each type of initiative or public-private collaboration has particular strengths and limitations that determine its overall performance. The rest of this chapter deals with the characteristics of the different types of initiatives and the degree of government involvement.
12.4.1 Awareness-raising

Awareness-raising is the most common type of sector-specific initiative at the national level. More than a third of the identified initiatives belong to this type. Almost half of them (11) are in the WRT sector, which could be explained by the prevalence of consumer labels and standards in this industry. Seven such initiatives were featured in the country profiles (see Table 12.3).

In general, awareness-raising initiatives are attractive for companies because they do not require high investment as long as they target a specific audience and therefore do not entail high marketing costs. They also tend to have a direct link to the core business of companies and can be used to achieve specific goals. Furthermore, most awareness-raising initiatives are inclusive and allow for the participation of a broad range of other actors, which contributes to their perceived legitimacy. However, they struggle with addressing societal challenges at the structural level, which generally leads to an indirect societal outcome. As a result, the legitimacy of awareness-raising can be defined as moderate.

Despite their low initial investment, most of these initiatives are cost-neutral because they rarely have direct or tangible cost benefits. At the same time, their impact on competitiveness depends on the companies themselves and how they deal with the non-monetary benefits, such as increased knowledge and know-how. Due to their limited societal outcomes, which are central for the public case, their effectiveness can be only considered moderate.

Awareness-raising initiatives can be called efficient because they create value for both business and public actors without requiring the investment of too many resources. For companies, they are considered relevant because they bring added value and demonstrate a high potential for fostering innovation. From the public point of view, such initiatives are easy to scale up and upgrade due to their relatively low costs and high degree of acceptance by companies. Therefore, awareness-raising initiatives demonstrate high efficiency.

Regarding the seven examples from our case studies, the most significant role that public actors play in awareness-raising initiatives is that of contributor and manager. On the one hand, public actors are supporting such initiatives mostly through funding, but also through communication and technical know-how. However, public funding does not guarantee that an initiative will perform well. For instance, Forum Waschen – one of the best-performing awareness-raising initiatives – functions without any government support. Moreover, governments participate in the management of sector-specific initiatives, especially through steering and monitoring activities, both of which seem to guarantee better performance of the respective initiative.

On the other hand, public actors are less active as participants and regulators in awareness-raising initiatives. It is worth mentioning, however, that public participation in terms of initiating or co-initiating such initiatives seems relevant to performance. Three of the four best-performing ones in-
volved governments playing the role of initiator (*Forum Waschen*, a purely private initiative, was the fourth).

### 12.4.2 Partnering

Partnering is the second-most-common type of sector-specific initiative.\(^{542}\) In total, we found 23 partnering initiatives that were relatively equally distributed among the different sectors (except for the financial services sector, which accounted for almost a third of the related initiatives). For the purposes of our evaluation, we regarded seven partnering initiatives: three from the WRT sector, two from the financial services sector and one each from the chemicals and construction sectors.

Partnering initiatives may be seen as legitimate. Firstly, they have a link to core business and address the respective societal challenge at the structural level. Therefore, such initiatives are considered relevant by all actors and demonstrate moderate-to-high commitment on the part of businesses. Furthermore, partnering initiatives are usually inclusive and involve other actors. Similarly, they are reliable and set specific goals that are easy to measure, even in terms of outcome. In sum, partnering initiatives strike a balance between public and private concerns and offer win-win situations.

Regarding short- and long-term results, partnering initiatives generally have direct societal outcomes as a result of their practical goals and project-like nature. On the business side, such initiatives demonstrate high innovation potential and often offer short-term cost-benefit gains. Furthermore, they can have a major impact in terms of increasing competitiveness and creating added value for companies. At the same time, exactly this project-like nature might be a reason to phase them out, with the result that they are often not permanent. However, partnering initiatives are scalable.

A basic limitation of partnering initiatives is their efficiency. The reason behind this might be their concrete, project-oriented character, which requires substantial financial means in order to achieve the intended goals. Although they offer monetary benefits or added value in the long term, their short-term cost-benefit relation might range from low to moderate despite their high potential to foster innovation. Accordingly, they might be more attractive for larger companies that can afford to invest in such projects. The same holds true for the scalability to other sectors and countries, which also depends on financial investment.

In partnering initiatives, public bodies primarily act as contributors and participants. In this regard, they are crucial at the beginning of the process, both as initiators and financial supporters. This was the case with all the il-

---

\(^{542}\) Since we wanted to avoid a hybrid type of initiative, several initiatives with partnering characteristics were classified as awareness-raising or soft-law initiatives based on the goals they pursued or results they achieved.
Features and Trends of Sector-specific Corporate Responsibility in Europe

Illustrative examples encountered during our research. On the one hand, sector-specific partnering initiatives require substantial resources. For this reason, participating governments always provide funding, thereby making the initiative viable in the first place. Moreover, in many cases, they also deliver technical support and know-how. On the other hand, governments are often the (co-)initiators of such partnerships and are either involved as individual members or patrons. Beside these two roles, public actors often participate in the management of such initiatives (e.g., in steering committees).

12.4.3 Soft law
Soft-law initiatives are the third-most-common type of sector-specific initiative at the national level. Out of the 14 soft-law initiatives we found in the eight countries over the course of our research, more than half were found in the construction industry. This could be explained by the high relevance of public procurement and building standards, which are classified as soft law in this study. As part of our evaluation, we assessed nine soft-law initiatives: five from the construction sector, two from the financial services sector and one each from the ICT and WRT sectors.

In general, soft-law initiatives address problems at the structural level and demonstrate a link to core business. They address challenges that are recognised by both society and particular sectors, generate strong commitment and allow for inclusive structures. In addition, they define precise and measurable goals and report on their work in progress. Whereas soft-law initiatives tend to be viewed as offering a legitimate public case, this is not the case for companies. The latter might be especially true in so-called “pull-initiatives”, that is, government-led initiatives in which companies are urged to create and act in accordance with certain standards (e.g., Plan de Contratación Pública Verde, discussed above). However, companies still prefer this kind of self-regulation over legislation. In other cases, however, private actors are themselves the initiators of soft law and, as such, view so-called “push-initiatives” as legitimate (e.g., ITK-Beschaffung.de, discussed above).

The short-term effect of such initiatives is rather high. Although soft law does not necessarily create short-term monetary benefits, it does foster innovation and a level playing field. In fact, in public procurement processes, companies that adhere to such instruments can enjoy direct benefits by participating in public tenders. At the same time, such initiatives have direct societal outcomes, are considered appropriate and generate high level of business commitment. Furthermore, in the long run, they encourage competitiveness by introducing higher standards in an environment of constantly growing regulation and innovation-driven product improvement. Lastly, soft-law initiatives are relatively flexible and easy to upgrade, although scalability might be limited due to the initial investments required.

Moderate legitimacy

High effectiveness
In terms of efficiency, soft-law initiatives are similar to partnering ones due to their mixed short-term effects. The latter are cost-neutral or sometimes even cost-intensive because business actors often have to make high initial investments. However, soft law encourages innovation and assures a level playing field for all companies. In the long term, it might even enhance competitiveness. From the public point of view, such initiatives have direct societal outcomes, are scalable and persist for a long time. At the same time, they rarely generate high public costs due to the low compliance costs when compared to top-down regulation.

Similar to the case with partnering initiatives, the most common role that public actors play in soft-law initiatives is that of (financial) contributor and/or (co-)initiator. Regarding the former, it must be emphasised that, although public support is necessary, it is often not substantial and limited to member fees and other small contributions. Moreover, public actors often provide technical support and know-how. Regarding the latter, they serve as (co-)initiators of such initiatives and often act as their patrons, thereby lending credibility to such regulation.

However, in contrast to awareness-raising and partnering initiatives, soft-law initiatives involve governments as regulators. As such, they often play a role in defining and setting certain standards or in encouraging companies to participate voluntarily. Especially in sectors with a high degree of public procurement, such as construction and WRT, public actors themselves can be the targets of such regulation. As a result (although with some exceptions), governments are often the initiators of such initiatives. Lastly, public actors frequently perform monitoring functions in soft-law initiatives, which seems to be significant in terms of their performance: Public actors perform this role in the five best-performing soft-law initiatives of the ones we analysed.

12.4.4 Mandating
Mandating initiatives are the least common type of sector-specific initiative. We only identified two initiatives of this type, of which only one was analysed and evaluated in the case studies. Given the limited evidence, it is difficult to make general statements on this type. However, the performance of “Treating Customers Fairly” (TCF), the only mandating initiative evaluated in this study, might provide clues about some general features of mandating initiatives in terms of their legitimacy, effectiveness and efficiency.

As observed in practice, mandating initiatives generally have an ambivalent degree of legitimacy. On the one hand, they are seen as legitimate by society at large. However, they are sometimes exclusive and do not involve third-party actors, such as NGOs. On the other hand, companies often do not regard such initiatives as appropriate. Although there are cases in which companies practice “responsible lobbying” and engage in policy dialogue with politics in
order to establish certain norms and standards, this is much more the exception than the rule.

Moreover, owing to their lack of sanctions, the success of mandating initiatives seem to depend on company collaboration. As the TCF example suggests, such initiatives may fail precisely because of a lack of cooperation. The latter might often be reinforced by substantial monitoring costs for public authorities as well as high implementation and compliance costs for companies resulting from high standards and norms. As a result, their effectiveness might be limited.

Lastly, mandating initiatives might not be very efficient. On the one hand, despite their lower initial costs (such as in the case of TCF), they might suffer from low commitment and inclusiveness. On the other hand, the short- and long-term results of such initiatives do not seem to neutralise the drawbacks mentioned above. Therefore, their efficiency might be considered moderate.

Regarding the role of public actors, they surely play a key role as regulators, managers (especially in terms of monitoring) and providers of financial and technical know-how. This was also the case with TCF.

The following table (Table 12.4) summarises the findings of this chapter. It offers an overview of the strengths and limitations of each of the four types of sector-specific initiatives. Moreover, it presents the most common roles that public actors play in such initiatives. Although some of the illustrative examples that we analysed suggest a causal relation between the performance of a certain type of initiative and the respective role that public actors have played in them, this is not always the case.

![Table 12.4: Performance of and government involvement in sector-specific initiatives](image-url)

- Low effectiveness
- Moderate efficiency
- Public actors: regulators and managers

Table 12.4: Performance of and government involvement in sector-specific initiatives

<table>
<thead>
<tr>
<th>Aspects of Initiatives</th>
<th>Awareness-raising</th>
<th>Partnering</th>
<th>Soft law</th>
<th>Mandating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legitimacy:</strong> Business vs. public case</td>
<td>moderate</td>
<td>high</td>
<td>moderate</td>
<td>moderate</td>
</tr>
<tr>
<td><strong>Effectiveness:</strong> Short- vs. long-term benefits</td>
<td>moderate</td>
<td>high</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td><strong>Efficiency:</strong> Costs vs. benefits</td>
<td>high</td>
<td>moderate</td>
<td>moderate</td>
<td>moderate</td>
</tr>
</tbody>
</table>

Role of governments:
- **Awareness-raising:**
  - Financial and technical assistance (contribute);
  - Steering and monitoring (manage);
  - Initiation (facilitate);
- **Partnering:**
  - (Co-)initiation and membership (facilitate);
  - Financial, communication and technical assistance (contribute);
  - Steering (management);
- **Soft law:**
  - Financial and technical assistance (contribute);
  - (Co-)initiation (facilitate);
  - Setting standards and leading by example (regulate);
  - Monitoring (manage);
- **Mandating:**
  - Setting standards (regulate);
  - Monitoring (manage);
  - Financial and technical assistance (contribute)
12.5 Summary of findings

As indicated at the beginning of this chapter, this explorative study is an initial exploration in the emerging field of sector-specific CR. After having systematised and analysed the collected empirical data, we tried to answer the following questions: (1) How do governments across Europe promote sector-specific CR? (2) What roles do public actors play in sector-specific initiatives? and (3) What makes a well-performing initiative? Given these aims, this chapter’s findings can be summarised as follows:

Promotion of sector-specific CR
Public actors across Europe have been using three approaches to promoting sector-specific CR: evolutionary, institutional and strategic. The evolutionary approach refers to the changing role of public institutions and emphasises the new types of governance mechanisms and institutional arrangements that public actors are increasingly employing in the field of CR. The institutional approach takes place through government-founded and/or -funded institutions. In addition to having different legal and organisational forms, they can deal with a broad spectrum of issues. The strategic approach refers to promoting sector-specific CR by integrating sector-specific measures into CR strategies and/or creating sector strategies related to the particular industry’s sustainability.

Role of governments
Governments play four roles in sector-specific CR initiatives corresponding to different degrees of government involvement: They can contribute, facilitate, manage and/or regulate. In this regard, the role of government depends on the initiative’s type and goals. However, certain patterns can be identified: Contributing and managing roles are the most common ones for public actors in sector-specific initiatives. They can be observed in each type of initiative. While contributing is generally related to financial assistance, managing refers to steering and monitoring functions. At the same time, public actors also facilitate all types of initiatives with the exception of mandating ones. This role is particularly related to (co-)launching initiatives. Lastly, public actors also assume a regulating role, especially in soft-law and mandating initiatives. In soft-law initiatives, in addition to setting standards, they often lead by example by being addressees of such regulations themselves (see Table 12.4).

Good performance of sector-specific initiatives
There are five ideal criteria related to the good performance of sector-specific initiatives: (1) design (i.e., the initial costs and approach to the problem); (2) ownership (i.e., high participation and materiality); (3) reliability (i.e., transparent evaluation and specific goals); (4) immediate effect (i.e., positive cost-benefit relations and direct societal outcomes); and (5) potential impact (i.e., long-term

Conclusion
benefits and scalability). Since sector-specific initiatives represent governance mechanisms for public-private collaboration, the criteria strike a balance between legitimacy (business vs. public case), effectiveness (short- vs. long-term benefits) and efficiency (costs vs. benefits).

Although certain modes of public-private collaboration are better suited to addressing certain types of problems and goals, the type of initiative is not decisive when it comes to determining how a sector-specific initiative will perform. However, as Table 12.4 indicates, some initiatives are better suited than others to address certain aspect of good governance.

References


13. From Body of Knowledge to Ways of Thinking: Theoretical Implications of Sector-specific CR in Europe

Thomas Beschorner and Thomas Hajduk

“Science is a way of thinking much more than it is a body of knowledge.”
(Carl Sagan, American astrophysicist)

13.1 Introduction

This book is a problem-orientated and empirically driven project that nevertheless also points to several theoretical questions and approaches in the academic debate in the field of business ethics. In the following section, we will outline selected theoretical implications that are related to and/or result from our empirical investigation. Thus, we move—to paraphrase the American astrophysicist Carl Sagan—from a body of knowledge to ways of thinking.

The main question of this final section of the book is: What theoretical lessons can we learn from sector-specific corporate responsibility in Europe? In this chapter, the empirical results of our study will be used as illustrations only, without going into much detail. Cross references are provided.

We will develop our argument in five steps: First, a perspective on cultural business ethics will be sketched that can be located between pure business perspectives, on the one hand, and pure normative perspectives on CR, on the other. Thus, cultural business ethics is characterised as a third way that emphasises the factual normative orientations of actors and the normative social dynamics in societies. Second, we will suggest a road leading from CR blueprints to culturally embedded responsibility that is based on four still very general theoretical key elements: interests and power, institutional change, negotiation and deliberation, and the new role of actors. Third, based on perspectives of the embeddedness of practices and their contextualisation, the merits of sector-specific CR will be outlined. Fourth, these merits will be analysed through the lenses of the following key dimensions: issues, actors, organizational fields, locality and modes of cooperation. Finally, we will draw attention to some shortcomings of a sectoral approach and sketch some theoretical—but also empirically applicable—perspectives for further research that stress cross-sectoral perspectives based on societal needs.
Modern theories in the social sciences (including economics and management) regard the cultural and social context in which actions take place as highly relevant for understanding individual or organisational actions. This at least goes back to the foundation of the academic discipline of sociology in the late 19th and early 20th centuries, when scholars—such as Max Weber, Georg Simmel, Werner Sombart and others—worked out theoretical concepts that emphasise the contextuality of actions. The development of these concepts, which would later have a major impact on a range of academic disciplines, must especially be seen against the background of the dominant stream in economics at this time. The Austrian School of Economics (Carl Menger and others) developed economic theories that were very much related to and inspired by the natural sciences. Economics was very mechanical, and the cultural contexts (in plural!) of economic actions were not taken into consideration. While there continues to be some resistance in economics to taking cultural factors into account, it can also be stated that not just social-science theorists, but also some scholars of management science have become more open to considering the relevance of contextual factors.

This “cultural turn” is also highly relevant for topics in business ethics since the main question in this field is how to bridge and link ethical orientations with concrete practices of various actors, and it is important to note here that these actual practices are always culturally embedded. It is a theoretical simplification and a myth to assume a type of actor that merely reacts mechanically to incentives (utility maximisation), as suggested by the *homo economicus* model, and it is also an overly simplified perspective that regards firms as pure profit-maximisers. Neither individuals nor firms can be empirically limited to just one mode of action; instead, they also have other normative orientations (beyond utility and profit-maximisation) and speak multiple language games.

A key element of this perspective is an interpretative concept (Weber 1920/1988b) whereby actors interpret and frame “social constructions of reality” (Berger and Luckmann 1966). Thus, culture is not regarded as an external contextual factor but, rather, it is based on a theory of action according to which actions are simultaneously embedded in a “web of shared meanings” (Geertz 1983; DiMaggio 1997). While traditional economics mainly focuses on contracts and transaction costs (Williamson 1975, 1985, 2000)—in other words, on bilateral relations—a cultural perspective reflects the constitution and mechanisms of network-like relations in social arenas (DiMaggio 1991, 1997). In our study, we have investigated these mechanisms in specific sectors of specific countries in a comparative manner. The regarded arenas were more precisely identified as organisational fields (DiMaggio 1991; Beschorner 2004) in which economic as well as non-economic actors matter (see below).
Our study has demonstrated that there are no blueprints of corporate responsibility and that, instead, CR takes place differently in different cultural contexts. This is not merely the case when it comes to different national cultures (i.e., in different countries), as shown by Matten and Moon (2008) with their concept of implicit and explicit CR. Rather, it also refers to specific industrial cultures in different sectors. Thus, industrial sectors—similarly to national cultures—can be seen as frames for the actors (companies), which see themselves and are seen by others as belonging to a specific group with a distinct identity. As sketched above, a frame can be understood as the way individuals or organisations structure their perceptions and interpretations of the surrounding world and make sense of it. As for industrial sectors, companies—or, rather, their constituent individuals—can be expected to share certain perceptions of a wide range of things, including their products and services, competitors and peers, customers and regulators. These perceptions also include the meaning of CR within industries by determining, for example, the materiality of issues or the legitimacy of stakeholder demands. We will argue later that classifications in industrial sectors are themselves cultural artefacts.

Formal and informal institutions are concrete forms of shared meanings within a web or an organisational field. They support decision-making processes by limiting the number of possible interpretations of realities, make certain practices more likely than others and also help coordinate social interactions. Institutions are based on “ideas”, “worldviews”, “ideologies” or “guiding metaphors”, which Max Weber referred to as “Leitideen” (Weber 1920/1988a: 252). One can characterise them as a larger set of institutions that are highly institutionalised, usually widely shared and taken for granted by a great number of (important) actors in a specific period of time and/or in a specific regional context. The pre-Galileo idea that the sun orbits the Earth, the history of slavery, the history of modern capitalism and the relatively new concept of sustainable development are examples that illustrate this concept.

### 13.3 From CR blueprints to culturally embedded responsibility

Based on these general ideas of a cultural perspective in business ethics, we will now reflect on some further theoretical elements against the background of our empirical study. The main hypothesis is that a cultural perspective—here exemplified by a sectoral approach—allows us to analyse concrete CR practices more precisely. The insights we have gained have allowed us to learn from other possible practices (in other sectors and/or countries) and to make suggestions for tailor-made institutional arrangements for fostering CR. For the road leading from CR blueprints to culturally embedded responsibility, we
Theoretical Implications of Sector-specific CR in Europe

suggest four key theoretical perspectives that frame—through an additional localisation—CR practices with respect to five practical dimensions, as the following figure illustrates:

Figure 13.1: Culturally embedded responsibilities

First, worldviews reflect the interests and power of certain actors (with respect to the examples above: the Catholic Church, colonial nation-states or big businesses and business associations), and so do concrete institutions. In our study, this is partly reflected in trade associations’ resistance to political regulation of CR. However, such interests are neither uniform nor fixed. For example, within the financial industry, views on binding CR requirements differ depending on whether private or savings banks are asked (see Ch. 2.2). Interests may also change, as the introduction of environmental criteria into public procurement in Spain shows. After initial resistance from the leading trade association and first sloppy implementation, Spanish construction companies eventually benefitted from a competitive advantage by meeting the requirements and now welcome the soft law initiative (see Ch. 9.2).

Second, while worldviews are highly institutionalised and do not change easily, a process of institutional change can nevertheless take place (e.g., North 1990; Tolbert and Zucker 1996). They are sometimes changed by things that challenge well-established ideas, such as new scientific insights (e.g., smoking is unhealthy), social movements (e.g., Occupy Wall Street), technological and social changes (e.g., book-printing in the late Middle Ages or communication technology in the era of globalisation) and/or facts of injustice (e.g., la-
bour conditions of workers at the beginning of industrialisation or income distribution today). What takes place is a process of institutionalising new ideas and—usually simultaneously—deinstitutionalising established ideas. The results of our study clearly show efforts to institutionalise CR and sustainability in the sectors and countries we examined.

However, if we focus on more concrete practices in this large field, it turns also out that certain issues are more present in some sectors than in others. The chemicals industry and its Responsible Care (RC) programme are a case in point. Its main concerns have traditionally been environmental and related to health and safety. This is confirmed by both CR experts (see Ch. 2.1) and sector representatives (see Ch. 2.3) across Europe, although the industry is also engaged in social dialogue. By contrast, although fair operating practices are not considered an issue for the chemicals sector, they rank highly on the agendas of the construction, wholesale and retail trade (WRT) and financial services sectors (see ibid.), where the actual meaning may in turn differ (e.g., by referring to anti-trust or anti-bribery issues). Even a universal issue such as human rights is considered to be of different relevance to specific sectors. Whereas CR experts thought that it was particularly important in the WRT sector, they deemed it less relevant in the construction, telecommunications and chemicals sectors (see Ch. 2.1).

Third, (de-)institutionalisation occurs through a complex communication process in which some advocates are trying to promote new ideas while the establishment is pursuing measures to foster the status quo. We can distinguish two ideal types of this communication process: negotiation and deliberation. The first emphasises the power and strategic dimension of actors, while the latter stresses a power-free and communicative dimension in which the interests of individual actors play a minor role (Habermas 1981/1985, 1993).

In our study, this process is strongly reflected in a variety of multi-stakeholder initiatives in almost all of the sectors and countries analysed. In fact, inclusiveness of other actors is one of our evaluation criteria, as it increases the legitimacy of any initiative (see Ch. 12.2). The criterion was not only fully met by genuine multi-stakeholder initiatives that treat all participants as equals, such as Forum Waschen (see Ch. 6.2). Most of our case studies also evince active participation by other actors at least at some point, such as during the development, monitoring or implementation of an initiative. Instead of dealing with questions of a “great transformation”, these initiatives focus on very specific issues and problems in their respective fields, although they do represent important aspects of a bigger picture to a certain extent.

Fourth, traditional societal actors (e.g., businesses, political actors or NGOs) are analysed with regard to their main function within a given societal system (e.g., the economic system, the political system or civil society). It is certainly true that a functional differentiation has taken place in modern so-
Theoretical Implications of Sector-specific CR in Europe

Theoretical implications of sector-specific CR in Europe societies and, for example, that businesses mainly follow the principle of profit-seeking while political actors mainly realise political regulations. At the same time, however, this “division of labour” and the traditional roles of actors are becoming less and less clear. Corporations, for instance, are increasingly engaged in social and environmental issues beyond the business case, they become political actors involved in governance to a certain degree by establishing social standards (Beschorner 2004; Wettstein 2005, 2009; Palazzo and Scherer 2007; Beschorner et al. 2012) or they forge collaborations with NGOs (Vorbohle 2010; Baur 2011; Baur and Schmitz 2012), to provide just a few examples. The same holds true for governments; not only do they set the rules of the game, they also increasingly get involved as intermediaries and communicators of societal problems (Suchman 1995; Beschorner 2004; Beschorner and Vorbohle 2007). These new roles of actors are highly reflected in our empirical study, especially in a variety of new forms of collaboration (see below).

Two of our cases regarding global supply chains in the WRT sector illustrate this case. In the Netherlands, the government has been encouraging large trading companies to improve living conditions in developing countries by co-funding corporate projects in them, such as sustainable tea farming (see Ch. 7.2). In this case, by providing public funds to private forms of economic cooperation, the government is assuming a traditional role. By contrast, the AVE Sectoral Model in Germany (see Ch. 6.2) primarily rests on business commitment. In this case, WRT companies concerned with responsible supply-chain management had developed their own code of conduct and implementation procedure before the government lent it political legitimacy, spent money and shared its technical expertise in economic cooperation. Likewise, companies defined their own objective and road map and included the government when they deemed it appropriate.

Generally speaking, governments play different roles in the co-governance processes exemplified in our case studies. They act as a lender of legitimacy to business-led initiatives since they represent wider societal interests and can be seen as “honest brokers”. Governments also engage in agenda-setting should companies fail to address an issue in their sector, as happened in the Polish and UK financial services industries when banks failed to treat their customers fairly (see Ch. 8.2 and Ch. 11.2). Over time, governments have also started to act as responsible consumers, thereby incentivising companies to produce eco-friendly products and guarantee decent labour conditions for their employees and those of their suppliers. This can be seen in the procurement-related initiatives in France (see Ch. 5.2), Germany (see Ch. 6.2), the Netherlands (see Ch. 7.2) and Spain (see Ch. 9.2).

Based on a “cultural turn”, interest and power, institutional change, processes of communication and new roles of actors represent four key perspectives for a better understanding of societal processes and structures. This
From CR blueprints to culturally embedded responsibility

might not be a sufficient set of categories, but we assume they are crucial and necessary for analysing the field of business ethics. It is also obvious that all four elements are highly related and overlapping. Since these elements are still very abstract and might be used for a variety of empirical questions, we suggest a more concrete “localisation” as the next step of the analysis.

The locus we have chosen in this research project is a sectoral perspective on chemicals, construction, wholesale and retail trade, ICT and financial services within eight European countries: Denmark, France, Germany, the Netherlands, Poland, Spain, Switzerland and the United Kingdom.

This localisation of CR blueprints into the concrete practices of specific industrial sectors can be compared to a similar move from an abstract to a more concrete level that occurred in the debate on globalisation. One strand of thinking argued that global processes and structures connect societies all over the world and thereby determine local events. This argument, which stresses the power of the abstract and global, was countered by the idea of the local influencing the global. The term “glocalization” (Robertson 1995) underscored how globalisation eventually happens at the local level, where ideas, products, capital flows and people adjust to local conditions or (in the case of ideas and products) are developed for global export. In fact, the term “glocalization” was taken up by activists who famously demanded “Think globally, act locally”. Whether one subscribes to a term like “glocalization” or not, empirical research—such as Saskia Sassen’s work on global cities (Sassen 1991) or Pankaj Ghemawat’s take on globalisation myths (Ghemawat 2011: 23–41)—has shown how globalisation is shaped within local contexts.

The empirical evidence presented below hints at a comparable development in the CR debate, where the relevance of sectors is emerging. As we have mentioned above, within a specific sector, a web of shared meanings can be assumed. Due to the fact that actors have similar perceptions of their organisational environment (e.g., competition, regulations), it is very likely that there are also similar understandings of CR in a given industry, such as on the materiality of issues, the legitimacy of stakeholder demands and the role of governments. In addition, the merit of assuming a sectoral perspective lies in what we can call “the downscaling effect”. Within an industry context, responsibility can be substantiated and thus made clear and manageable for companies and their stakeholders.

This sectoral downscaling can be applied with respect to at least five dimensions:

Issues become more precise once they are contextualised within an industry. General and fairly abstract terms—such as “the environment” or “human rights”—can be scaled down to bread-and-butter issues that are easier both to understand and tackle. The partnering initiative “More Internships” illustrates this point. It provides internships to non-ethnic Danes in the construction sector and, in doing so, raises awareness about people who struggle to
obtain vocational training and therefore gain access to the labour market (see Ch. 4.2). Although nobody would link this initiative to the promotion of human rights, this is actually what “More Internships” implicitly does, even though on a small scale.

Actors

Actors can be identified and responsibilities assigned to them. In this way, unclear aggregates—such as “business” or “multinationals”—give way to concrete agents, such as the responsible trade association(s), the industry leader(s) or a given number of companies. This does not merely apply to businesses, but also to other relevant actors in the respective industry, which can be distinguished more precisely from a sectoral perspective. For example, the partnering initiative “Coalition for Child Safety on the Internet” in Poland and a similar partnership at the EU level boil down the issue to the responsible actors: telecommunication companies, cable TV companies, Internet service providers, ICT associations, NGOs and regulators (see Ch. 8.2). Another example is a Dutch platform on sustainable food that addresses companies and regulators from the WRT, agriculture and catering industries since they have a shared responsibility for food safety (see Ch. 7.2).

Organisational fields

Within a specific sector and based on certain issues, actors (i.e., businesses and other types of organisations) constitute an “organisational field” in which concrete actions take place. This is a network-like perspective that goes beyond a stakeholder perspective since there is not just a core organisation with surrounding stakeholders (which articulate claims towards this organisation). Instead, the organisational-field perspective focuses on the interaction between a set of organisations (e.g., businesses, NGOs, government organisations and research organisations) and analyses the dynamics and the process of institutionalisation towards sustainability in a comparative manner. Organisational fields are well-illustrated by the two green building certifications discussed in this study: Minergie, in Switzerland, (see Ch. 10.2) and Effinergie, in France (see Ch. 5.2). Both standards began as initiatives launched by individual organisations, but they soon established mutual relations with other actors, such as professional organisations, construction companies, municipalities, regional governments and universities. Effinergie was taken up by the French president’s high level initiative on sustainable development (the so-called Grenelle Environnement), which used the certification for obligatory minimum standards on energy-efficient housing (see ibid.).

Spatial dimension

Using a sectoral organisational-field perspective also brings back the spatial dimension to a globalised economy. While operations, supply chains or direct investments are termed “global”, they can be pinned down to a manageable number of places. For example, the manufacturing of some products is concentrated in certain countries, regions and sometimes even cities. The latter becomes particularly clear in the case of public procurement in France. The town of Lyon started with the procurement of fair trade products and extended this policy to other local organisations by providing them with a label
if they meet certain criteria (see ibid.). The aim is to create a “Territory of Fair Trade”, in which organisations and consumers practice various forms of sustainable production and consumption. Another example is provided by the Spanish savings banks, which are deeply rooted in their regions as a result of funding local businesses and supporting local communities (see Ch. 9.2).

Within organisational fields, it is finally possible to analyse different modes of cooperation—in our research project, we singled out awareness-raising, partnering, soft law and mandating—that help determine promising modes of collaborative action. The empirical data shows clearly that, for example, industries providing goods and services to the government are more familiar with soft-law and binding requirements (e.g., public procurement guidelines and requirements), whereas consumer-oriented industries may favour awareness-raising (e.g., labels or consumer information). Sometimes the same issue in the same industry can be dealt with via different modes of cooperation. For example, the information asymmetries between banks and clients constitute an issue for the financial industry. Whereas, in the UK, scandals in retail banking triggered a mandating initiative aimed at giving customers a fair deal (see Ch. 11.2), in Poland, the issue was dealt with by instituting a non-binding code of conduct (see Ch. 8.2).

**13.4 Shortcomings and further research perspectives: from sectors to societal needs**

A sector-specific approach on CR in Europe provides fruitful insights and orientations for concrete institutional arrangements. Its strength can be seen in its theoretical orientation on culturally embedded responsible practices, which takes into account both different national and sectoral cultures. In addition, this empirically based approach has allowed us to demonstrate the variety of concrete CR practices that are based on the normative orientations of the actors in the respective field and a shared web of meanings. This is important for future implementation processes since it gives us the chance to connect factual orientations (of the respective actors) with normative suggestions related to sustainable development. From our perspective, it is not sufficient for a concept of business ethics to merely develop normative ideas far removed from actual business practices. Instead, we regard the real challenge in this field as lying in developing ways of thinking and concepts that allow for “facts” and “norms”—or “Faktizität und Geltung”, in the words of Habermas (1994)—to be bridged by bringing them into a fruitful interplay. This does not automatically mean adapting to “business case” rhetoric, as this book clearly demonstrates.

While a sectoral perspective on CR offers new avenues for research and new approaches to promoting CR in practice, it also has some potential draw-
backs that should not be overlooked. It is important to note that concepts of classifications in different industries are themselves (relatively young) cultural products. The classification of economic activities started in the 1930s, when Colin Clark and Jean Fourastié introduced the three-sector-hypothesis along with initial attempts to calculate national accounts (Staroske 1995). They were later elaborated and mainstreamed by international organisations, such as the United Nations and the OECD, in the postwar period and have become the standard way of thinking about economic activities today (Ward 2004). This historical background is important for decoding the following shortcomings of a sectoral perspective and, more importantly, for understanding them as cultural artefacts that also allow us to think in other, complementary directions for further research.

First, a sectoral perspective may still be too large an aggregating concept for small and medium-sized enterprises. These companies often struggle with formalistic and resource-intensive requirements of CR, which is viewed as a concept pertaining to large corporations rather than to smaller businesses. In fact, the majority of initiatives studied for our research project are primarily or exclusively tailored to the needs of large companies. Trade associations do not necessarily mitigate this effect since their largest participants are often the most vocal ones.

Second, some sectors are quite diverse and can be organised into many different subsectors. For example, the ICT sector includes manufacturing as well as services. Likewise, even large companies within the same subsector may differ considerably in terms of business models, CR issues and locality. Such sectors can use “different languages”, thereby displaying more differences than commonalities.

Third, defining sectors may look arbitrary and abstract at times. Most classifications were created by statisticians who wanted to structure economic activities in a manner that they deemed reasonable. In doing so, they aggregated businesses that, to some extent, do not view themselves as belonging to the same sector, such as insurance and banking, which are both part of financial intermediation. Thus, the analytical value of such highly aggregated sectors is questionable.

Fourth, industrial sectors were never meant to structure or assign responsibilities. In fact, there are many calls for cross-industrial cooperation since it is believed that certain issues cannot be limited to a specific industry (Accenture and U.N. Global Compact 2012; CSR Europe 2012). For example, issues related to food are not the sole responsibility of the agricultural sector but, rather, also involve the wholesale and retail trade. Indeed, a sectoral perspective may have a compartmentalising effect on responsibility by encouraging silo thinking. The reason for this possible effect is not so much the idea of having practical frames for CR but, instead, the sector definitions we are used to.
This does not mean that there is no alternative to thinking in sectoral boxes. Growing awareness of sustainable development has already led to alternative thinking about national accounts (Stiglitz et al. 2010). Grounding “the wealth of nations” on happiness and not on Gross Domestic Product are other suggestions in this context (Dixon 2006; Bruni and Porta 2007). What all the different concepts of new national accounts have in common is a modified normative basis.

Likewise, a different normative basis can help extend or perhaps even replace a sectoral approach in CR. Sectoral perspectives are very much related to products. The “automotive sector”, for example, deals with cars and trucks. One possible switch is shifting attention from products to needs (e.g., sustenance, housing, communications or mobility) and analysing certain “fields of needs” more concretely (Beschorner et al. 2005; Beschorner and Behrens 2007). If economic activities were classified according to “fields of needs”, all companies catering to a specific need would be aggregated in the same group. For example, car manufacturing, bike manufacturing, public transport and logistics would no longer constitute stand-alone industries but, rather, be subsumed under the umbrella need of “mobility”.

Note, this is not merely a methodological switch, but also a normative one. In this case, needs are the normative end and the basis unit of the analysis, whereas certain products and services are means to this end. This change in perspective might lead to important consequences for sustainable development, as the example of mobility demonstrates. Political actors would have another basis for regulatory measures, such as fostering public transportation instead of promoting the use of individual motor vehicles. Corporations such as Volkswagen, Mercedes, or Toyota might define themselves as mobility enterprises and not just automotive companies, which might even lead to new markets (e.g., car-sharing concepts). Likewise, different providers of mobility services (e.g., car manufactures, public-transportation services and rent-a-bike companies) might develop new forms of modular mobility (e.g. mobility passes). Eventually, the concept of (fields of) needs would bring back a consumer perspective and the possibility of meeting their needs (rather than of just getting them to purchase products).

The cultural perspective we have detailed above can also be useful for related future research. Given the fact that today’s needs—at least in rich countries—are less basic ones (e.g., satisfying hunger) but still very culturally marked and culturally characterised ones (e.g., fast food, slow food, candle-light dinners), an interpretative approach seems to be important for reconstructing (shared) “meanings” of (cultural) needs. Other concepts sketched above, such as contextualisation (e.g., in specific regional contexts), organizational fields (of needs) or different modes of cooperation might also be a possible theoretical source for empirical research.

We introduced this chapter with a quote, calling science a way of thinking rather than a body of knowledge. What the American astrophysicist Carl Sa-
gan said about science also holds true for business ethics and a cultural perspective. Our example of rethinking CR in terms of industrial sectors demonstrates the analytical and heuristic value of this approach. “Somewhere, something incredible is waiting to be known.” And not just in astrophysics!

**References**


References


Appendix 1

Chemicals and chemical products

**Forum Waschen**  
**Date of creation:** 2001  
**Public bodies:** federal ministries; environmental agencies; public authorities

“Forum Waschen” was established in 2001 as a multi-stakeholder platform by the trade association of detergents “Industrieverband Körperpflege- und Waschmittel” (IKW) in order to start a dialogue with all relevant corporate stakeholders concerning washing and cleaning in private households. The goal is to use leaflets and position papers to give consumers practical and unbiased information on sustainable cleaning and washing, to encourage them to save money and resources without neglecting the aspects of health and hygiene, and to organise awareness-raising events. The government is one stakeholder and contributes to the forum’s neutrality, which is of the utmost importance to all stakeholders.  
[www.forum-waschen.de](http://www.forum-waschen.de)

**Odpowiedzialność i Troska**  
**Date of creation:** 1992  
**Public bodies:** Ministry of Environment

The Polish Responsible Care programme was launched in 1992. Its activities are supervised by the Polish Chamber of Chemical Industry. The Chamber defines as one of its main tasks the promotion of sustainable development within the chemical sector. In doing so, the Chamber determines the demarcation lines and supervises the implementation of the programme and the makeup of its board. An advisor of the Minister of Environment is the chairman of the national chapter. Moreover, the Ministry of Environment supports the initiative in awareness-rising and in partnering with various initiatives (e.g., “Tree for a Bottle” and the “Ecological Academy of Skills”).  
Dialog Wirtschaft und Umwelt NRW

Germany

Date of creation: 2006
Public bodies: Numerous federal and North Rhine-Westphalia state ministries

The Dialogue “Economy and Environment in North Rhine-Westphalia” started in 2006 under the German Responsible Care chapter. With it, representatives of regional ministries and trade organisations aim to foster cooperation in strengthening the long-term competitiveness of NRW, securing jobs and promoting innovation on the basis of voluntary agreements. The Dialogue deals with issues such as pollution control, water conservation, waste management, soil conservation and resource management. An arbitration body was established to resolve conflicts in authorisation procedures and thereby avoid litigation.

www.vci.de/Nachhaltigkeit/Responsible-Care/Seiten/Startseite.aspx

Observatorio Industrial del Sector Quimico

Spain

Date of creation: 2005
Public bodies: Ministry of Industry, Tourism and Trade (MINETUR)

The “Industrial Watch on the Chemical Sector” is one of 10 “watches” created within the framework of the Declaration for Social Dialogue 2004 to help companies improve social and environmental performance and international competitiveness. The dialogue platform was launched by MINETUR in 2005. Although it was created without an explicit CR focus, due to the sector’s high environmental and social impact, many activities are directly related to issues such as environment, work conditions and product responsibility. The watch makes specific sector recommendations on the environment, labour, efficient energy use and product responsibility. It also published a CR guide for the chemical sector.

www.minetur.gob.es/industria/observatorios/SectorQuimico/Paginas/miembros.aspx

Arbeitsgruppe Chemische Substanzen (Umweltpakt Bayern)

Germany

Date of creation: 2005
Public bodies: Bavarian state and local governments

The Bavarian Environmental Agreement is the first and most successful regional environmental partnership in Germany and a role model for many other initiatives. Launched in 1995, it aims to improve environmental performance through non-regulatory measures. Companies (mostly SMEs) commit to environmental protection in exchange for subsidies and/or relief from administrative burdens. The Working Group on Chemical Substances particularly focuses on: simplifying the REACH system to make it practicable, significantly reducing expenses for registering substances, introducing expedient regulations to protect company secrets and avoiding unnecessary administrative burdens caused by overlapping laws.

Construction

**Deutsche Gütesiegel Nachhaltiges Bauen**

*Germany*

**Date of creation:** 2008

**Public bodies:** Federal Ministry of Transport, Building and Urban Development (BMBVS, formerly Federal Ministry of Housing)

The “German Sustainable Building Label” was jointly launched by the BMVBS and the German Sustainable Building Council (DGNB). It is a comprehensive, planning-based rating system for sustainable buildings and is based on the CEN/TC 350 standard (“sustainability of construction works”) of the European Committee for Standardization (CEN). It takes into account the whole life cycle of office and administration buildings and is based on the quality of five aspects: ecological, economic, socio-cultural and functional, technical and process-oriented. In some ways, the German label goes beyond the European standard and recognises outstanding planning achievements in the field of sustainable construction by all market players.

www.label-online.de/label-datenbank?label=559

---

**Umwelt-Produkt-Deklarationen**

*Germany*

**Date of creation:** 2004

**Public bodies:** Federal Ministry of Transport, Building and Urban Development (BMBVS, formerly Federal Ministry of Housing)

Environmental Product Declarations (EPDs), based on ISO standards, are the basic data for environmental building assessments. EPDs make statements on the energy and resource use of products and their contribution to global warming, acidification, etc. The German EPD (Type III) for construction products was developed by the Institute Construction and Environment (IBU) in cooperation with the BMBVS and the Federal Environment Agency. Officials with the Federal Institute for Materials Research and Testing (BAM), researchers and environmental organizations are involved in developing the declaration. The Expert Committee acts as a third party and analyses the results of the product group forum.

www.bau-umwelt.de

---

**Videncenter for energibesparelser i bygninger**

*Denmark*

**Date of creation:** 2009

**Public bodies:** Denmark’s National IT and Telecom Agency, under the Ministry of Science, Innovation and Higher Education

The Danish Knowledge Centre for Energy Savings in Buildings opened in 2009 and gathers expertise and best practices in the field of energy saving. It aims to provide building professionals with the necessary know-how, qualifications and motivation to implement energy-saving initiatives in housing and commercial development as well as in the building stock. Its main tasks are divided into three keys areas: knowledge, solutions and communication. Between 2008 and 2011, the Danish government invested about €4.3 million in the Centre. It is run by a consortium consisting of the Danish Technological Institute, the Danish Building Research Institute, Viegand & Maagoe and the KommunikationsKompagniet.

www.byggeriogenergi.dk/about
**Naerco – Nachhaltige Erfolgscontracting**

**Germany**

**Date of creation:** 2001  
**Public bodies:** Federal Ministry of Economics and Technology Universities of Nuremberg and Ulm

Naerco, the German abbreviation for “sustainable success contracting”, is a joint research project of the Hamburg-based Federal German Working Group on Environmentally-Conscious Management (BAUM) and the universities of Ulm and Nuremberg, in Bavaria. “Successful contracting” is a practice-oriented model, developed with €1.5 million in federal funding, for the functional tendering and awarding of contracts for constructing and managing technical facilities in large public buildings. It is a new approach for construction and renovation of building facilities in public buildings, in which the contractor is responsible for the installation and operation of the plant over a longer period of time.

[www.naerco.de](http://www.naerco.de)

**Flere praktikpladser**

**Denmark**

**Date of creation:** 2011  
**Public bodies:** Ministry for Housing, Urban and Rural Affairs

*Flere praktikpladser* (FP), or “More Internships”, is a partnering initiative between BRF Kredit, an independent mortgage credit institution, and the Ministry of Housing, Urban and Rural Affairs. This voluntary, multi-stakeholder dialogue between housing associations, construction firms and educational institutions aims to provide 30 non-ethnic Danes with internships in the construction sector. Apart from this, it has resulted in: (1) a code of best practice to facilitate employment in the nonprofit housing sector; (2) two codes of conduct, one for housing associations and the other for construction companies; and (3) a partnership agreement between the parties to adopt the codes in their mutual interactions.


**Plataforma RHÉ+**

**Spain**

**Date of creation:** 2010  
**Public bodies:** Ministry of Public Works and Transport

The Social Platform to Promote the Rehabilitation, Accessibility and Energy Efficiency of Buildings and Dwellings (*Plataforma RHÉ+*) is a multi-stakeholder initiative that aims to promote the rehabilitation of the existing housing stock as well as to create jobs and training in this specific area. It includes criteria related to saving energy, improving accessibility facilities and enhancing the maintenance of buildings. Besides the Ministry of Public Works, various public and private organisations have joined the platform, such as the Ministry of Industry, Tourism and Trade, the autonomous communities and the employee organisations.

<table>
<thead>
<tr>
<th><strong>Leitfaden Nachhaltiges Bauen</strong></th>
<th><strong>Germany</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2001</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> Federal Ministry of Transport, Building and Urban Development (BMBVS, formerly Federal Ministry of Housing)</td>
<td></td>
</tr>
</tbody>
</table>

The “Sustainable Building” guidelines, launched in 2001 and updated in 2011, aim to assist federal building projects in planning, building, expansion, repairs, renovation and building maintenance and operation, as well as with the general use of buildings and properties. In addition, the guidelines provide construction companies with principles and best practices related to sustainable building. For this reason, they are suitable for regional and local authorities as well as for private companies.

www.nachhaltigesbauen.de/leitfaeden-und-arbeitshilfen/leitfaden-nachhaltiges-bauen.html

<table>
<thead>
<tr>
<th><strong>Präqualifizierungsverfahren</strong></th>
<th><strong>Germany</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2005</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> Federal Ministry of Transport, Building and Urban Development (BMBVS, formerly Federal Ministry of Housing)</td>
<td></td>
</tr>
</tbody>
</table>

In 2005, a working group including representatives from the BMBVS, the federal states (Länder), municipalities and the construction trade associations developed a prequalification certificate. Construction companies must usually submit numerous qualifications when competing for a public tender. The prequalification certificate is meant to replace these qualifications with a single, recognised qualification. Moreover, prequalified companies are listed on a website. The certificate asks companies to document certain capabilities and standards, such as that they pay minimum wages, and to prove they have not been listed in the bribery registry of the federal states (Landeskorruptionsregister).


<table>
<thead>
<tr>
<th><strong>Effinergie</strong></th>
<th><strong>France</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2006</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> French Environmental and Energy Management Agency (ADEME); French regions; public agencies</td>
<td></td>
</tr>
</tbody>
</table>

Effinergie is a French certification for energy-efficient housing launched as an association in 2006. An expert group in the field of low-energy housing elaborated the first standard for new housing projects in 2007. A house qualifies as “low-energy” if it annually consumes no more than 50 kWh per square metre for heating, cooling, ventilation, warm water and lighting. Four certification organisations do the actual project analysis and certification. In 2009, Effinergie developed a second standard for renovations and is planning to publish a new label in 2012. In collaboration with ADEME, Effinergie created the Observatoire BBC to disseminate information on low-energy buildings.

www.effinergie.org
### Minergie

**Country:** Switzerland  
**Date of creation:** 1995  
**Public bodies:** Swiss Confederation; Swiss cantons

Minergie is a sustainability label and standard for new and refurbished buildings developed in 1994 to increase living comfort while reducing energy consumption. The Minergie label was launched in 1995 and, by 1998, all 26 cantons had become members and licensed partners of the Minergie association. The association is financed by its private and public members, its services (certification, education, consulting and coaching) and its sponsors (companies of the Swiss construction industry, investors and different levels of government). Minergie evaluates buildings and their housing technology as an integral system. Thus, both products and services can conform to its standards.

[www.minergie.ch](http://www.minergie.ch)

### Plan de Contratación Pública Verde

**Country:** Spain  
**Date of creation:** 1997, 2007, 2008  
**Public bodies:** Ministry of Environment; Ministry of Economy

The Environmental Criteria in Public Procurement Procedures established that prerequisites and environmental criteria were introduced into public contracts of the General State Administration and social security management entities. The clauses refer both to the specific conditions of the project to be awarded and to the company’s management systems. Although the scope of this initiative goes beyond the construction sector, it has been one of the drivers of environmental sustainability in Spain. The ultimate objective of this initiative is to motivate companies to incorporate social and environmental criteria in to their management.


### Duurzaam inkopen

**Country:** Netherlands  
**Date of creation:** 1993  
**Public bodies:** Municipalities; regional governments

The Dutch government functions as a market partner that stimulates the use of sustainable materials. Dutch governmental agencies require their suppliers to adhere to certain responsibility standards and to document this adherence with clear signals and certificates. The procurement policy in the construction sector is part of the national public procurement policy for sustainable wood certification Duurzaam inkopen. Suppliers that do not adhere to sustainability criteria are excluded from public procurement. The criteria are formulated in the Timber Procurement Assessment Committee (TPAC) code, which is drafted by the Foundation for Environmental Examination (SMK), a government-financed institution.

[www.fsc.org](http://www.fsc.org); [www.rijksoverheid.nl/onderwerpen/duurzaam-inkopen](http://www.rijksoverheid.nl/onderwerpen/duurzaam-inkopen)
**Convenant Energiebesparing Corporatiesector**  
**Netherlands**

**Date of creation:** 2005  
**Public bodies:** Ministry of Housing, Spatial Planning and the Environment; Ministry for Housing, Communities and Integration

The covenant is a sector agreement on energy saving between the Minister for Housing, Communities and Integration (from 2007 to 2010, a minister without portfolio), the Minister of Housing, Spatial Planning and the Environment, the Aedes association of housing corporations and the Dutch Tenants Association. The aim is to reduce carbon emissions and promote safe energy use in power plants and existing social rental stock in the period between 2008 and 2020. It also seeks to promote energy-use reductions in new housing constructions (25 per cent by 2011 and 50 per cent by 2015). The partners have also agreed to pursue at least 20 per cent reductions in gas consumption within the next 10 years.


---

**Strategy for Sustainable Construction**  
**United Kingdom**

**Date of creation:** 2008  
**Public bodies:** Various government departments

The Strategy for Sustainable Construction is a high-level, joint industry and government strategic document published in 2008 under the auspices of the Strategic Forum for Construction and several government departments. The document brings together a number of public policies and guidelines to encourage sustainable construction. Core areas include: (1) guidelines for public-sector purchasing in construction and the encouragement of sustainable practices in the private construction industry; (2) targets around “means” (procurement, design, innovation, people, better regulation) and “ends” (climate-change mitigation, climate-change adaptation, water, biodiversity, waste, materials); and (3) a mixture of regulatory and voluntary instruments.

[www.bis.gov.uk/files/file46535.pdf](http://www.bis.gov.uk/files/file46535.pdf)

---

**Low Carbon Construction Action Plan**  
**United Kingdom**

**Date of creation:** 2011  
**Public bodies:** Department for Business Innovation and Skills

The Low Carbon Construction Action Plan provides a structure for taking forward many of the (65) recommendations in the Innovation and Growth Team (IGT) report of the fall of 2010. It emphasises the need for leadership and cooperation, for simplification of the low carbon policy “landscape”, and for government to balance incentives and “interventions”. The Action Plan builds on the Strategy for Sustainable Construction and works closely with other key policy initiatives in which the industry is already closely collaborating with government, such as the Infrastructure UK cost study and the Cabinet Office Efficiency and Reform Group work on general construction procurement.

Wholesale and retail trade

Blauer Engel

Date of creation: 1978

The “Blue Angel” label is the first and one of the best-known eco-labels in the world. Since 1978, it has set the standard for eco-friendly products and services, and the products that can use it are selected by an independent jury according to predefined criteria. The “Blue Angel” is awarded to companies so as to recognise their commitment to environmental protection. They, in turn, use it to professionally promote their eco-friendly products in the market. The “Blue Angel” is an ecological beacon that points consumers towards ecologically superior products and promotes environmentally conscious consumption.

www.blauer-engel.de/de/blauer_engel/index.php

Fair Feels Good

Date of creation: 2003
Public bodies: Federal Ministry for Economic Cooperation and Development

Between 2003 and 2007, the Verbraucher Initiative consumer advocacy group, in cooperation with TransFair and the Weltladen-Dachverband, managed a nationwide information and promotional campaign for fair trade products called “Fair Feels Good”. Financed by the Federal Ministry for Economic Cooperation and Development (BMZ) and featuring a number of celebrities, its goals were to: (1) increase the range of available fair trade products and demand for them by raising awareness of them; (2) raise awareness about already available fair trade products; (3) provide information about the socio-political importance of fair trade; and (4) spark a public debate about the meaning of “fair”.

www.fair-feels-good.de

5amTag.de

Date of creation: 2001
Public bodies: Federal Ministry of Food, Agriculture and Consumer Protection; Federal Ministry of Health

The network of the “Five a Day” campaign in Germany consists of over 100 partners drawn from the health care, business and research communities. All are committed to promoting better health by advocating the consumption of five combined servings of fruit and vegetables per day. The campaign's national school fruit program has become a household name. Participants conduct joint projects in the field of healthy nutrition and may use the association’s logo. The campaign has received EU financial support since 2002 and is operated under the patronage of the Federal Ministry of Food, Agriculture and Consumer Protection and the Federal Ministry of Health.

www.5amtag.org
Lebensmittelklarheit.de

**Date of creation:** 2011

**Public bodies:** Federal Ministry of Food, Agriculture and Consumer Protection; Federation of German Consumer Organizations (VZBV)

On this Internet portal, consumers can report inadequate food labeling or advertising. Its operators then look into the claim and may then ask manufacturers for comment. The latter then has seven days to provide a statement. Everything is public and reviewed by the operator. The portal also provides general information on labeling, answers questions about specific products and offers discussion forums. It is managed by the VZBV consumer umbrella organisation and funded by the Federal Ministry of Food, Agriculture and Consumer Protection under its “Clarity and Truth” initiative.

www.lebensmittelklarheit.de

Gütesiegel Generationsfreundliches Einkaufen

**Date of creation:** 2010

**Public bodies:** NRW Ministry of Health, Empowerment, Care and Age; Lower Saxony’s Ministry of Social Affairs, Women, Family, Health and Integration

Since the spring of 2010, retailers throughout Germany have been able to receive the “Generation-Friendly Shopping” label of quality. Using criteria that have been specifically developed for this purpose, testers review services, access possibilities, the design of business premises and the service-mindedness of retailers. The German Retail Association (HDE) aims to promote a change in social trends and to respond to customers’ needs and desires. Two regional ministries as well as Berlin’s Senate Department for Economics, Technology and Research support the initiative. Furthermore, the Federal Minister for Family Affairs, Senior Citizens, Women and Youth hosts an award ceremony for the label.

www.generationenfreundliches-einkaufen.de;

Lyon – ville équitable et durable

**Date of creation:** 2002

**Public bodies:** The City of Lyon

Lyon was one of the first cities in France to sign the charter “500 Cities Committed to Fair Trade”, in 2001, and to introduce fair trade in public procurement, in 2005. It promotes fair trade purchasing in school and other cafeterias and encourages a responsible-consumption approach within public institutions. The city is currently working on three large projects that expand the original idea of public procurement and extend it beyond the retail sector. These projects are: the fair trade label Lyon – ville équitable et durable, a Territoire de commerce équitable (“Territory for Free Trade”) campaign and a call for projects on responsible consumption. Since 2002, Lyon has also been a strong supporter of the Fair Trade Fortnight and, in 2009, it hosted the Fairtrade Towns conference.

www.lyon.fr (no initiative-specific website)
Appendix 1

**Svanemærket**

**Denmark**

**Date of creation:** 1998

**Public bodies:** Ministry of the Environment

This official, voluntary “Swan Label” of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) promotes the development, marketing and use of products that are less harmful to the environment and climate than other similar products. In Denmark, the label is managed by a partnering initiative made up of Eco-labelling Denmark, part of the private, independent organisation Danish Standards, and the Eco-labelling Board established by Denmark’s Ministry of the Environment. The role of the government is initiation, regulation, monitoring and funding. Lack of transparency in the market is countered by reducing the complexity of information.

www.nordic-ecolabel.org; www.ecolable.dk/inenglish/

**Forum for Bæredygtige Indkøb**

**Denmark**

**Date of creation:** 2011

**Public bodies:** Ministry of the Environment

The Forum on Sustainable Procurement, was established by Denmark’s Ministry of the Environment in May 2011 to promote the environmentally conscious and responsible procurement of goods and services among professional buyers in both public and private companies. The Forum is open to all who are interested in sustainable procurement. Membership is free and informal. The Forum comprises three levels: (1) a steering committee with representatives from invited political organisations; (2) working groups; and (3) general members. Several public bodies participate in the steering group, such as the Environmental Protection Agency and the National Procurement Agency.

www.ansvarligeindkob.dk

**Nøglehullet**

**Denmark**

**Date of creation:** 2009

**Public bodies:** The Danish Veterinary and Food Administration

The “Keyhole” is a voluntary food label that identifies healthier food products within a product group. It is a common Nordic label for healthier food products in Denmark, Norway and Sweden based on the Swedish “Keyhole”, which was established in 1989. In 2009, the label was launched as Denmark’s official nutrition label. Food producers are responsible for ensuring that foods with the “Keyhole” symbol conform to the Danish Veterinary and Food Administration’s regulations on its use. There are 25 categories within nine product groups. However, each country can adapt the label by revising the criteria of the original Swedish “Keyhole” and adding local product groups.

www.noegreehullet.dk/services/English/forside.htm
### CSR Kompasset

**Date of creation:** 2005  
**Public bodies:** The Danish Business Authority (formerly the Danish Commerce and Companies Agency)

The CSR Compass is a free online tool that can help companies implement responsible supply-chain management. It targets small and medium-sized production, trade and service companies. Originally developed in 2005, it was extensively revised in 2010. The structure of the CSR Compass and its advice and guidelines are in line with national and international trends and best practice standards, including those of the U.N. Global Compact, the OECD, Business for Social Responsibility (BSR), the Business Social Compliance Initiative (BSCI), the Danish Ethical Trading Initiative (DIEH) and the Danish Council on Corporate Social Responsibility.

[www.csrrcompass.com/about-csr-compass](http://www.csrrcompass.com/about-csr-compass)

### Platvoor Verduurzaming Voetsel (PVV)

**Date of creation:** 2009  
**Public bodies:** Ministry of Economic Affairs, Farming and Innovation

Within the Platform for Sustainable Food, the Ministry of Economic Affairs, Farming and Innovation partners with leading NGOs in the field of fair trade and sustainability as well as business partners who can be viewed as benchmark-setters. It aims to reduce the negative impacts of production and transport in the retail trade, improve the living conditions of animals and support fair trade. The initiative pursues its objectives via three approaches: (1) sharing knowledge and developing standards; (2) funding pilot studies; and (3) performing political and publicity work. The goals are reached by having different partners along the entire retail supply chain in the Netherlands collaborate in related efforts.

[www.verduurzamingvoedsel.nl/home](http://www.verduurzamingvoedsel.nl/home)

### The Courtauld Commitment

**Date of creation:** 2005  
**Public bodies:** Waste & Resources Action Programme (WRAP)

The Courtauld Commitment is a partnering initiative aimed at reducing the amount of household waste sent to landfill as well as the environmental burden of food and packaging waste. There are two phases to the commitment: Phase 1 ending in 2008, and Phase 2 ending in 2012. A third phase has been mooted. The initiative targets both individual companies and their trade associations. Initial industry involvement covered only the retail industry, but the food- and beverage-manufacturing industry became a significant participant. The WRAP, a government-funded nonprofit company, manages the program. It helps signatory companies develop waste-reduction plans and provides free consultancy.

[www.wrap.org.uk/content/courtauld-commitment-2-0](http://www.wrap.org.uk/content/courtauld-commitment-2-0)
Appendix 1

**Actionsanté – eat better, move more**  
*Switzerland*

*Date of creation:* 2009  
*Public bodies:* Federal Office of Public Health (FOPH)

This partnering initiative promotes public health and healthy nutrition within the WRT sector. It aims to improve individuals' health-related quality of life. Its four areas of action including altering food composition and selection, adapting marketing and advertising, promoting an environment beneficial and conducive to physical activity, and providing information to consumers that is understandable and complete. Companies can join by voluntarily signing a declaration of intent and using the *Actionsanté* logo. The annual budget of CHF 170,000 is provided by the FOPH and used for organising the annual conference, the roundtables and communication efforts, such as annual reports and newsletters.


**Dansk Initiativ for Etisk Handel**  
*Denmark*

*Date of creation:* 2008  
*Public bodies:* Ministry of Foreign Affairs

The Danish Ethical Trading Initiative (DIEH), founded in February 2008, is the first Danish multi-stakeholder initiative to promote ethical trade and responsible supply-chain management among Danish companies. It is a member organisation based on the 10 principles of the U.N. Global Compact. The focus is on implementing corporate codes of practice covering human rights and working conditions in the global supply chain that contribute to sustainable development in developing and newly industrialized countries. Its funding is provided in part by the Danish International Development Agency (DANIDA) within the Ministry of Foreign Affairs.

www.dieh.dk/in-english/

**Initiatief Duurzame Handel**  
*Netherlands*

*Date of creation:* 2007  
*Public bodies:* All Dutch ministries; funding from the Ministry of Foreign Affairs

The Initiative for Sustainable Trade is an NGO supported by all Dutch ministries and co-financed by the Ministry of Foreign Affairs with initial funding of €100 million. The money is used to co-finance sustainable industry initiatives. Companies that invest in sustainable production and trade can receive subsidies that match up to 100 per cent of their own investment. The idea behind the approach is that Western companies and societies also benefit from sustainable development in poor countries, particularly given the increasing demand for raw materials from such countries. The initiative is designed around three principles: accelerating, scaling up and learning.

www.idhsustainabletrade.com
<table>
<thead>
<tr>
<th><strong>Carrier Bag Agreement</strong></th>
<th><strong>United Kingdom</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2009</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> Waste &amp; Resources Action Programme</td>
<td></td>
</tr>
</tbody>
</table>

This initiative is an agreement between the Scottish Government, Defra, the Welsh Assembly Government and the Northern Ireland Department of the Environment with the British Retail Consortium (BRC) and its supermarket members. With it, leading UK supermarket retailers and the BRC are working with UK governments to reduce the environmental impact of carrier bags. Participants monitor customer bag usage, while the government uses such data to further the use of reusable bags. The target was a reduction by 50 per cent by 2009 on a 2006 baseline, which was missed by 2 per cent. Although no further formal target was set, parties continued monitoring carrier-bag use in 2010 and 2011.

http://www.wrap.org.uk/content/carrier-bags-reducing-their-environmental-impact

<table>
<thead>
<tr>
<th><strong>Article 60 on Fair Trade</strong></th>
<th><strong>France</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2005</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> French government</td>
<td></td>
</tr>
</tbody>
</table>

Article 60 of the Act of 2 August 2005 on SMEs recognised fair trade in legislation for the first time. It states that fair trade is within the scope of the national strategy for sustainable development. It promotes the exchange of goods and services between developed countries and disadvantaged producers in developing countries in the areas of trade, craftsmanship and services. It also aims to create sustainable relationships that lead to economic and social progress for these manufacturers.

http://www.jeconsommeequitable.fr/la-commission-nationale.html;
http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000452052

<table>
<thead>
<tr>
<th><strong>AVE Sektorenmodell</strong></th>
<th><strong>Germany</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 1994</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> Ministry for Economic Cooperation and Development; regional public bodies in developing countries</td>
<td></td>
</tr>
</tbody>
</table>

The AVE Sector Model brought together large clothing retailers in order to develop a common code of conduct for the supply chain and an auditing scheme. The government acted as a lender of credibility and played a central role in local roundtables in developing countries. The code is based on ILO labour norms and the SA8000 standard. In 2001, a “Codes of Conduct Roundtable” was established as a forum in which different stakeholders could discuss supply-chain issues. In 2003, the AVE's European branch, the Foreign Trade Association, launched the Business Social Compliance Initiative (BSCI), now comprising more than 700 companies. Although initiative was phased out in late 2006, the BSCI continues to pursue its goals.

http://www.ave-koeln.de/csr/ave_sektorenmodell.htm (original website deactivated)
This commitment aims to improve the resource efficiency of home-improvement products throughout the UK by reducing packaging and waste in the sector. Signatories to the Commitment account for almost half of all UK home-improvement retail sales. As part of the Commitment, signatories are working together in three areas: (1) reducing packaging by 15 per cent by the end of 2012; (2) cutting waste to landfill from their operations by 50 per cent by the end of 2012 (both measured against a 2007 baseline); and (3) helping consumers recycle more. Between 2007 and 2010, packaging usage in the UK was reduced by 12 per cent and waste sent to landfill by 64 per cent.

www.wrap.org.uk/content/home-improvement-sector-commitment-3
Information and communication technologies

Jahrestagung “Green IT”  
**Germany**

**Date of creation:** 2007  
**Public bodies:** Federal Ministry of the Environment (BMU); Federal Environment Agency (UBA)

Since 2007, the ICT trade association BITKOM, the BMU and the UBA have hosted the annual “Green IT” forum. The Forum is jointly sponsored by all three institutions, as well as by the KfW development bank. It is meant to raise awareness about recent developments in environmentally friendly ICT, such as the potential of smart cities. The Forum targets researchers and developers and drives innovation. The thematic focus is on the brand-new fields of technology “smart buildings”, “connected living” and “smart services”. It is the largest European research network for information and communication technology.

www.bmu.de/produkte_und_umwelt/produktbereiche/green_it/jahrestagung/doc/46806.php

Zasady programu Certyfikat UKE  
**Poland**

**Date of creation:** 2010  
**Public bodies:** Office of Electronic Communications

Beginning in 2010, the president of the UKE took actions related to the certification of telecommunications services. One of the reasons was to improve the safety of users. The “Certificate of the President of the UKE” includes five categories: the Fair Transfer Certificate, the Certificate of Safer Internet, the Safe Phone Certificate, the Senior Certificate, the Certificate of No Barriers and the Premium Rate Fair Play Certificate. The competition is open to all telecommunications companies, both operators and suppliers of services that meet the specified criteria. The Certificate is awarded for a period of 12 months from the date of grant, but it can be extended upon request.


Videncenter for grøn it  
**Denmark**

**Date of creation:** 2010  
**Public bodies:** The Danish Ministry of Finance (the Danish Agency for Digitisation)

The “Knowledge Centre for Green IT” was established on 1 January 2010 and was placed in the National IT and Telecom Agency under what was then the Ministry of Science. In 2011, it was transferred to the Danish Agency for Digitisation under the Ministry of Finance. The Centre uses information campaigns to promote green IT among public authorities, businesses and citizens in order to reduce climate impacts and increase the use and awareness of sustainable IT solutions. Its main activities include promoting videoconferencing, showcasing solutions for intelligent energy management, green procurement and green IT awards.

www.itst.dk/groenit
Foro TIC y Sostenibilidad  
Spain  
Date of creation: 2008  
Public bodies: Government of Andalucía

The annual forum “ICT and Sustainability”, attended by ICT companies and public administrators, focuses on the role of ICT in environmental and sustainability issues. It is organised by AMETIC, the ITC trade association and the regional government of Andalucía and supported by the major Spanish ICT companies. Its objectives are: (1) to generate a business and technological response to climate change; (2) to engage sector opinion leaders in the sustainability debate; (3) to focus on the role of technology and the state in achieving sustainability without compromising social welfare; and (4) to make the Forum a benchmark in the search for a sustainable environment.

www.ticysostenibilidad.org

Porozumenie na rzecz bezpieczeństwa dzieci w Internecie  
Poland  
Date of creation: 2009  
Public bodies: Office of Electronic Communications (UKE); Government Plenipotentiary for Equal Treatment; Inspector General for the Protection of Personal Data

On the public side, this coalition of telecommunication companies on children's online safety is supported by the Office of Electronic Communications (UKE), the Government Plenipotentiary for Equal Treatment and the Inspector General for the Protection of Personal Data. On the private side, there are cable TV companies, Internet service providers, industry sector associations and NGOs. The coalition's main goal is to educate parents, other adults and children who use the Internet about safety issues, such as parental controls, privacy, abuse and misuse, illegal content and contacting, and other important problems. The initiative started with 12 signatories, but this number has grown to 20 and is expected to continue growing.

www.bezpieczniewinternecie.pl

Green IT Allianz  
Germany  
Date of creation: 2008  
Public bodies: Several departments within the federal government

The “Green IT Alliance” is a major outcome of the third national IT summit, held in November 2008. This partnership of several government departments, research organisations and the Federal Association for Information Technology, Telecommunications and New Media (BITKOM) was formed to develop an “IT Agenda for Climate and Environment”. The main goals of the initiative are: (1) to set the political and economic agenda on Green IT; (2) to make IT a leader in green technologies; and (3) to help boost exports and foster collaboration across societal sectors. As of 2012, 35 producers, consumers and research institutions are members of the Alliance.

www.bitkom.org/de/themen/51051_60514.aspx
<table>
<thead>
<tr>
<th><strong>Green IT Beratungsbüro</strong></th>
<th><strong>Germany</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2009</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> Federal Ministry of the Environment (BMU); Federal Environment Agency (UBA)</td>
<td></td>
</tr>
<tr>
<td>The trade association BITKOM founded a temporary consultancy office that mediated between pilot projects implementing green ICT solutions and public funding schemes offered by the BMU, the UBA and the KfW, the development bank of Germany's federal government and federal states. “The Green IT Advisory Office” was founded during the research program “IT goes green” set out in the Environmental Innovation Programme (UIP) in early 2009, and it supported professionals in the implementation of Green IT projects. The funding of the Office was phased out in 2012.</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.green-it-beratungsbuero.de">www.green-it-beratungsbuero.de</a></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Børnenes IT-Fond</strong></th>
<th><strong>Denmark</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2011</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> The National Council for Children (under the Danish Ministry of Social Affairs)</td>
<td></td>
</tr>
<tr>
<td>The “IT Children's Fund” is a multi-stakeholder initiative that aims to provide free laptop computers for children in out-of-home care. Its mission is: (1) to raise funds for the purchase of ready-to-use computers from all donors who wish to support the vision; (2) to distribute computers to children and young persons based on a specific needs assessment; and (3) to help children and young people in out-of-home care acquire needed IT skills, enjoy digital learning opportunities and participate in online social communities. It involves the National Council for Children and the Danish IT Industry Association.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Plan Avanza</strong></th>
<th><strong>Spain</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of creation:</strong> 2005</td>
<td></td>
</tr>
<tr>
<td><strong>Public bodies:</strong> Ministry of Industry, Tourism and Trade</td>
<td></td>
</tr>
<tr>
<td><em>Plan Avanza</em>, approved by the Council of Ministers in 2005, is a permanent programme that subsidises the provisions of advanced telecom services to areas or populations at risk of exclusion. It also aims to promote the deployment of very high-speed networks as an instrument for fostering socioeconomic development. Its goals are: (1) to increase the public’s use of advanced digital services; (2) to develop the technological capabilities of the ICT sector; (3) to strengthen the digital content sector; and (4) to develop green ICT. In 2010, the 2011–2015 Strategy for <em>Plan Avanza 2</em> was developed. It includes projects already in progress and updates initial objectives to adapt them to the new challenges of a networked society.</td>
<td></td>
</tr>
</tbody>
</table>
older people are less likely to make use of the internet and new technology, which threatens to exclude them from the world of modern communication. the “coalition for the digital inclusion of the 50+ generation maturity in the net”, under the patronage of the uke, aims to unite businesses, ngos, agencies and institutions to encourage older people to actively use the internet. it undertakes joint initiatives to improve older people’s access to and ability to use the internet. it also intends to speak in public debates on matters relevant to the prevention of online exclusion in poland. the coalition is informal and open to all companies and institutions wishing to get involved in efforts against e-exclusion of older individuals.

www.dojrzaloscwsieci.pl/english.html

both companies and public procurers face difficulties when it comes to public tenders that, by law, have to be product-neutral (i.e., brands must not be mentioned). therefore, the ict trade association bitkom and public procurement agencies forged a partnership to develop guidelines for public ict procurement. in addition to ones for product-neutral procurement, there are also guidelines that deal with environmental aspects of ict products and thereby help foster green public procurement. the initiative has produced guidelines for different product groups that are available in five languages.

www.itk-beschaffung.de
The BMU launched a “Climate+Finances” week of action in 2010 that informed investors about “climate-friendly investments”. For this purpose, an exhibition on “climate and financial opportunities” was sent on a road show, stopping at banks, insurers and pension funds. It aimed to encourage financial service providers to make a contribution to reaching Germany’s climate-protection goals. Such contributions can take the form of granting loans for projects involving climate-protection measures, offering clients climate-friendly financial products and providing clients with the information they need to make eco-conscious decisions about investments, loans and insurances.

www.klima-und-finanzen.de

Founded by the Caisses d’Epargne in 1957, this association works especially among young people in educational settings. It is a certified training entity with 25 regional departments, and it aims to combat over-indebtedness and financial exclusion through its involvement in social insertion and cohesion programmes. As part of the programme, savings banks offer workshops on how to manage a budget, a loan and the relationship with the bank. Their workshops are held in schools, companies and NGOs so as to educate a broad range of people in need of financial know-how. In 2010, the Ministry of Education awarded the association the status of “additional educational association of public education”.

www.finances-pedagogie.fr

This independent, nonprofit, nonpartisan association was founded in Zurich by leading representatives drawn from business, academia and public authorities in order to promote the Greater Zurich Area as a focal point of a sustainable Swiss economy with an international outreach. It focuses on sustainability topics relevant to the financial market. The purpose of the association, as laid down in its statutes, is to organise and stage the annual International Sustainability Leadership Symposium and other dialogue events as well as to conduct relevant research and projects. Major players in the public sector are the City and the Canton of Zurich, both of which are Forum members.

www.sustainability-zurich.org
Appendix 1

Edufinet  
Spain  
Date of creation: 2007  
Public bodies: International University of Andalusia; University of Málaga

The aim of this project, whose private partner is the Spanish savings bank Unicaja, is to promote financial education so as to contribute to the diffusion of knowledge about how the financial system works and to the expansion of the financial culture. In doing so, it aims to achieve higher degrees of transparency, safety and responsibility in the development of financial relations between citizens and financial intermediaries and, consequently, to foster a higher degree of efficiency in financial markets. The website, in operation since December 2007, was the first Spanish initiative to be included in the International Gateway for Financial Education of the OECD.

www.edufinet.com

The UK FORGE Guidelines  
United Kingdom  
Date of creation: 2002  
Public bodies: Department for Environment, Food & Rural Affairs; Department for International Development; Department of Trade & Industry

Guidance on CR management and reporting for the financial services sector was published in the UK in 2002 by the FORGE group comprised of eight financial services firms. Its development was supported by consultation with seven stakeholder organisations, three government departments, the British Bankers’ Association and the Association of British Insurers. It explains how to integrate CR issues into business-as-usual activities from a business perspective, highlights the complex and integrated nature of CR issues and some of the critical challenges in implementing and demonstrating a response, and provides practical advice on implementing CSR management and reporting processes.


Raad voor Microfinanciering  
Netherlands  
Date of creation: 2007  
Public bodies: Ministry of Economics

The Ministry of Economics founded this council to disseminate knowledge about and support initiatives that promote microfinancing in the Netherlands. The Council for Microcredits aims to establish links between government agencies, financial institutions, universities and other organisations involved with small-scale start-ups and engaged in microfinancing in the Netherlands. In addition, it provides access to and awareness of existing and new initiatives for the entrepreneurs engaged in such ventures, and it advises government ministers on how to better formulate and implement policies related to loans for them.

<table>
<thead>
<tr>
<th>Country</th>
<th>Program</th>
<th>Date of Creation</th>
<th>Public Bodies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>Frivillig gældsrådgivning</td>
<td>2008</td>
<td>Ministry of Social Affairs and Integration</td>
</tr>
<tr>
<td>Germany</td>
<td>Mikrokreditfonds</td>
<td>2000</td>
<td>Federal Ministry of Labour and Social Affairs</td>
</tr>
<tr>
<td>France</td>
<td>France Active</td>
<td>1988</td>
<td>The public Caisse des Dépôts et Consignations; the related Fonds de Cohésion Sociale; the departmental Conseil Généraux</td>
</tr>
</tbody>
</table>

**Frivillig gældsrådgivning**

After noting an increased lack of basic economic competencies among their customers, Danish banks decided it was in their long-term interest to address this problem holistically, partly through precautionary measures (enhancing financial understanding) and partly by addressing the consequences. The “Voluntary debt consultancy” relates to the latter. It helps disadvantaged people gain a general overview of their personal financial situations and motivates them to pay off their debts. It is a multi-stakeholder initiative of the Ministry of Social Affairs, the Danish Bankers Association and various NGOs. The role of the government is initiation, monitoring and funding.

www.finansraadet.dk/bankkunde/information-og-raadgivning/frivillig-gaeldsraadgivning.aspx

**Mikrokreditfonds**

The Federal Ministry of Labour and Social Affairs works together with GLS Bank, a pioneer in microcredit services, and dozens of microfinance institutions to offer microcredits to otherwise possibly “unbankable” people in order to help them start small businesses. Since its launch in 2010, more than 10,000 credits have been awarded, which significantly exceeded the original plans. At the moment, the crucial task is building permanent and sustainable microfinance structures that provide specific target groups with fast and easy access to capital.

www.mikrokreditfonds.de

**France Active**

*France Active* is an initiative that helps potential entrepreneurs lacking sufficient securities to obtain bank loans by offering them guarantees at reasonable rates and conditions. The organisation was founded in 1988 by the public bank Caisse des Dépôts et Consignations, the NGO Fondation de France, the mutual bank Crédit Coopératif, the mutual insurance company Macif and the Agence pour la création d’entreprise (APCE). The initial aim was to help the unemployed become self-employed or launch small enterprises. In 1995, it created 23 departmental sections to handle direct client contact. The initiative has expanded its target group to include people in precarious working situations as well as organisations that employ people who have disabilities or are otherwise disadvantaged on the labour market.

www.franceactive.org
Appendix 1

Comité Nacional Anti-Contrefaçon (CNAC)  France

Date of creation: 1995
Public bodies: General Inspectorate of the Ministry of Industry; various public partners

Created in April 1995, the Committee Against Counterfeits unites public entities and private actors in efforts to suppress the counterfeiting of all intellectual property rights. The main goal was to improve the efficiency of the entire national system. It also provides consultation and serves as a conduit for information between government and industry. Its creation was advocated by the General Inspectorate of the Ministry of Industry during the preparation of the Act of 5 February 1994 on the punishment of counterfeiting (Loi Longuet). The CNAC is traditionally chaired by a member of parliament, while the secretariat is run by a civil servant.

www.contrefacon-danger.com

Grupa robocza do spraw odpowiedzialnych inwestycji  Poland

Date of creation: 2009
Public bodies: Ministry of Economy

This working group on responsible investment was established in 2009 as one of four working groups under the umbrella of the Ministry of Economy’s Group for Social Responsibility. As a stakeholder forum, it prepares public policy recommendations for the financial sector. It is coordinated by Poland’s largest employers’ organisation and includes representatives from various financial institutions and consultancies. In order to support the working group, the Ministry of Economy published a “Handbook of Public Consultation with Infrastructure Investments” in 2010. The following year, it also published a report, “ESG Reporting in State Enterprises and Companies of the Treasury”.

www.mg.gov.pl/Wspieranie+przedsiebiorczosci/Zrownowazony+rozwoj/Spoleczna+Odpowiedzialnosc+Przed siebiortw+CSR/Zespol+CSR/Gropy+robocze

Cajas de Ahorro  Spain

Date of creation: various
Public bodies: Economy departments of regional governments; Ministry of Economy

Spanish saving banks are stakeholder-based financial institutions that hold roughly 40 per cent of the financial sector’s assets. Even after various legislative reforms in the 1980s and 1990s, some of their stakeholder focus still remains. Regional governments play the main role in the promotion of CR by passing complementary laws and participating in steering bodies. The governing bodies include a general assembly, whose members (between 60 and 160) are chosen from among depositors, representatives of local governments, company founders and employees, and an administrative board, whose members are chosen from among the members of the assembly.

www.cec.es
This Canon of Good Practices on the Financial Market, published in 2007, comprises 16 rules for the financial market recommended by Poland's Financial Supervision Authority. It came into being through a multi-stakeholder process involving 30 organisations. The principles target issues such as performing due diligence, inspiring confidence, preventing conflicts of interest, protecting client information and promoting fair competition. Its main goal is to protect customers of financial services and balance the asymmetric distribution of information between financial institutions and their customers. At present, 17 institutions claim to adhere to the code.


Since July 2011, all banks in Germany have had to provide transparent written information about the products they sell (so-called “information leaflets”) and to take minutes during sales talks with their private customers. The initiative is monitored by the Federal Ministry of Food, Agriculture and Consumer Protection. The leaflets must comprise the opportunities and risks of an investment product (e.g., derivatives such as warrants and certificates) so that consumers can easily understand them. Banks are only obliged to give this information directly to potential clients and not to publish them online. Likewise, each bank can choose the specific form of the leaflet for each product.

www.bmelv.de/SharedDocs/Pressemitteilungen/2011/131-AI-Beipackzettel.html
www.bmelv.de/SharedDocs/Pressemitteilungen/2012/84-AI-Beipackzettel.html

Although this mandating initiative by the FSA, the UK’s regulatory body for the financial services industry in the UK, only ran from 2004 to 2009, its principles remain part of ongoing regulation. They apply to all retail financial services, including banking and insurance, and set standards of customer treatment in the sector. There are six outcomes that firms must demonstrate they are achieving, such as consistently delivering fair outcomes to consumers and having management assume responsibility for ensuring that the firm and staff at all levels deliver the consumer outcomes relevant to their business through establishing an appropriate culture.

www.fsa.gov.uk/doing/regulated/tcf
Appendix 2

Best practices of Sector-specific CR initiatives

The following appendix presents four sector-specific CR initiatives that were chosen as examples of best practice based on the criteria we established for evaluating good performance: Forum Waschen (awareness-raising), Actionsanté (partnering), Effinergie (soft law) and Treating Customers Fairly (mandating). Although none of them fully meets all the criteria, each initiative numbers among the best performers within its specific type of public-private collaboration. In addition, for reasons of representativeness, industries and countries were also taken into consideration during the selection process. These examples have strengths, often clustered around certain criteria, but also a few drawbacks.

1. Strengthening consumer responsibility:
   **Forum Waschen**

   *Forum Waschen* is a multi-stakeholder initiative from the German chemicals sector that aims to give consumers practical and neutral information on sustainable cleaning and washing (see Ch. 6.2).

   *Forum Waschen* is characterised by low costs and a direct link to the industry. Only the trade association *Industrieverband Körperpflege- und Waschmittel* (IKW), which launched the initiative, bears running costs. Participants from business, government and civil society do not pay any fee. By producing unbiased information on the use of detergents and cleaning products, the forum is directly linked to the core business of companies. However, the latter does not hold true for the public case. The initiative relates to consumer responsibility and the eco-efficient use of chemicals, but it does not tackle ques-

---

543 Treating Customers Fairly was the only purely mandating initiative among the 24 case studies.
544 German Cosmetic, Toiletry, Perfumery and Detergent Association (www.ikw.org).
Appendix 2

tions of sufficiency and alternatives to detergents and cleaning products. The initiative’s guiding principle—that is, publishing information by consensus of all participants—may be a limiting factor in this regard.

Forum Waschen is strongest in terms of ownership because it combines high participation and broad agreement on the sector-specific challenge. The appropriate use of detergents is highly relevant to both business and the public. The fact that both the IKW and its corporate members are engaged in the forum shows that there is broad agreement within the industry about the need for better information for consumers. Likewise, the broad participation of non-economic actors, including consumer organisations, trade unions and public bodies, demonstrates agreement on the issue on the public side. Indeed, the inclusiveness of non-economic actors is at the heart of the forum.

At the same time, peer commitment is significant, as both the IKW and individual companies play an active role in the initiative. Accordingly, all participants are considered equal, and all teams, workshops and groups are open to all. Furthermore, in order to be published, documents must be approved by all participants, even if they were not involved in the drafting process. This, in turn, gives non-economic actors a controlling role.

Although awareness-raising initiatives often struggle to measure the effects of their operations, Forum Waschen does remarkably well in terms of reliability. In addition to measuring the circulation of its brochures and click rates on its website, it also conducts consumer surveys about washing and cleaning, which are then used to improve consumer information. In terms of transparency, most information is disclosed on the website, but there is no annual reporting on the forum’s activities. Moreover, the business case is supported by the feasibility of its specific goal, namely, to contribute to sustainable development by informing consumers about the appropriate use of detergents. Its success is internally evaluated by the IKW and consists of tracking click rates, media coverage and consumer behaviour, which in turn strengthens the public case for the initiative.

The immediate effect of awareness-raising initiatives is often doubted since they are not necessarily accompanied by action. Forum Waschen, however, is remarkably effective. In terms of the cost-benefit relation, participating businesses are faced with a cost-neutral initiative because participation is not tied to extra costs. What is more, participating in the forum can also bring about (or give rise to) new innovations. Participating companies can also engage with their customers in a unique and neutral environment, which gives

---

545 There are so-called “fact papers” that list the advantages and disadvantages of certain products, such as fabric softeners and palm oil. Fact papers are not normative and give no recommendations. As for alternatives to detergents, there is an entry referring to washing nuts in the FAQ: http://www.forum-waschen.de/waeschewischtipps.html.

546 The IKW publishes a sustainability report for its industry. Although the key performance indicators were developed by Forum Waschen and the results from the consumer surveys are used, the report does not cover the forum’s activities.
them a chance to learn about consumer behaviour and needs. The effects for the public are also clearly evident. Washing temperatures have fallen in recent years, and new generations of consumers can learn about sustainable washing and cleaning as well as their share of responsibility.

In this dimension, Forum Waschen also proves to perform differently than what one may expect from an awareness-raising initiative. In terms of competitiveness, since the elaborated information addresses all consumers, the forum offers a level playing field. In fact, the initiative could not provide competitive advantages without compromising on its neutrality since giving preference to some companies might raise doubts among non-economic actors. With regard to continuity, Forum Waschen is permanent, given that new generations of consumers and new developments require updated and additional information. Whereas companies cannot expect a competitive advantage by participating, they are likely to receive added value in the form of reputational gains and new insights into their customers’ use of products. Lastly, the model of the forum could be directly transferred to other industries or countries because of its rather low costs and deliberately informal structure.

The example of Forum Waschen illustrates what goes into making a good awareness-raising initiative. It is fairly inexpensive and enjoys a high level of ownership thanks to its broad base of participants and the consensus principle. Furthermore, Forum Waschen does not content itself with merely being a mouthpiece for raising awareness. Instead, it takes the extra step of actively monitoring the subsequent effects and impacts of its efforts.

2. Public health through dialogue and voluntary action: Actionsanté

Actionsanté – “eat better, move more” is a partnership between the Swiss Federal Office of Public Health (FOPH) and large companies from the retail trade and food sector (see Ch. 10.2). It aims to improve health by promoting a physically active lifestyle and appropriate nutrition. For this purpose, participating companies launch projects addressing one of four areas of action: food composition and selection, marketing and advertising, promoting physical activity and providing information to consumers.

Actionsanté’s lean and clear design is one of its key advantages. There are no initial costs for participating companies; instead, they only have to sign a voluntary declaration of intent. Likewise, there are no considerable costs for the government apart from hosting the office and running an expert group. Actionsanté also has a direct link to both the business and the public case. Ingredients such as salt, sugar and fat and their related health risks are closely tied to the production of and trade in processed foodstuffs. The resulting health problems, such as obesity or diabetes, are strains on public health
budgets. Therefore, the initiative approaches the problem at the structural level by promoting healthier nutrition and more physical activity.

The initiative enjoys a high degree of ownership overall, but it is stronger for the public than for the business case. The issue of unhealthy diets can be considered contested among businesses since the initiative was launched by the government. By contrast, the issue is highly relevant to the public case, as evinced by the composition of the interdisciplinary expert group that monitors the projects. Business commitment in the initiative, on the other hand, is characterised by quality, in the sense that Actionsanté has mainly addressed large multinational companies so far. On the public side, the initiative is inclusive since the expert group is responsible for drafting the content-related guidelines and monitoring the fulfilment of private-sector commitments.

All pledges made by companies are measurable in terms of output and outcome. Thus, the partnership can quantify the number of declarations of intent as well as the results of commitments (e.g., reduced sugar contents in products). This is mirrored by the annual reports on the initiative’s activities, which contribute to its transparency towards the public. Moreover, the goals of all projects within the partnership are precise, as companies themselves define their aims and the scope of their commitment. Finally, since the independent expert group evaluates these aims, voluntary commitment is complemented by external control. Furthermore, Actionsanté is currently also developing key indicators for analysing the impact of the different actions on public health and individual behaviour.

While efficiency depends on the company and the commitment it makes, participating in the initiative could very well have cost-saving outcomes. For example, it could lead to the use of fewer ingredients (although this admittedly could also lead to dissatisfaction among consumers unhappy about a change in a product’s taste). Likewise, since companies choose their own commitments, it seems unlikely that their projects would only create costs. In fact, when fulfilling their commitments, companies can try out new products and forms of marketing. For the public case, on the other hand, the effect of Actionsanté is clear: Many consumers can benefit if large retailers and producers introduce healthier options into their mainstream product ranges. This is particularly important given that healthy nutrition is often a niche market for the better-off population.

Actionsanté’s third and final key advantage is its potential impact. On the business side, the initiative generates competition among its partners and creates peer pressure to participate; the Actionsanté logo offers a long-term advantage because companies can use it to advertise their responsibility and enjoy a better reputation among discerning consumers and concerned regulators.547

547 There are regular debates about disclosing, additionally taxing or even banning food that is high in sugar or fat. For example, Denmark introduced the world’s first “fat tax” in October 2011. The tax applies to saturated fat in butter, milk, cheese, pizza, meat, oil and processed food.
On the public side, Actionsanté will be continued beyond the original programme period and be further developed (e.g., by developing new evaluation criteria). In terms of added value, companies can generate new expertise about healthy new nutrition through the annual Actionsanté conference and their projects. Lastly, regarding scalability, the model of Actionsanté could be directly transferred to other industries and countries.\textsuperscript{548}

Actionsanté clearly shows the potential of partnering in industrial sectors. It benefits from a lean and clear design. By combining voluntary commitment with independent monitoring, it is remarkably reliable for both business and the public. Last but not least, the initiative scores points with regard to its potential impact. In sum, Actionsanté demonstrates that CR in an industry context can be clearer, more reliable and more effective than general initiatives aiming at more abstract responsibility.

3. Certifying low-energy housing: Effinergie

Effinergie is a soft-law initiative aiming to develop and promote certification standards for low-energy housing (see Ch. 5.2). While Effinergie only addresses the French construction sector, similar examples could be found in other countries. Notably, Minergie is a very similar initiative in Switzerland with a comparably high overall performance (see Ch. 10.2).

According to our criteria, Effinergie’s only weak spot is the costs for business and the public. Although there are no particular barriers to adopting Effinergie, building according to these standards requires the use of more efficient and expensive products. This, in turn, demands higher investments in construction projects and might increase the business risks, as well. Likewise, on the public side, there are considerable costs resulting from the management of the certification standard by public bodies and from the promotional activities of the Observatoire BBC, an organisation funded by Effinergie and the central government. However, Effinergie does better in terms of design when the practicality and appropriateness of the issue are considered. On the one hand, sustainable building is part of the industry’s core business. On the other hand, Effinergie’s actions and goals are also closely related to the societal challenge of climate change. After all, sustainable building is meant to lower carbon emissions by producing more energy-efficient housing.

The Effinergie certification scheme served as a template for national building regulations. For business, the initiative was material from the start, since

\textsuperscript{548} A similar approach is currently being pursued by the EU Platform for Action on Diet, Physical Activity and Health as well as Italy’s National Platform for Alimentation, Physical Activity and Tobacco Addiction (see Ch. 10.2).
three regions, two banks and several associations were among its founders. The same holds true for the public side: Since the three regions represent rather broad interests, they complement the expert perspectives of research institutes and industry. Their early presence indicates the relevance of sustainable building for society at large. Today, nine local associations, 30 organisations (including trade associations and ones in the fields of research and technology) and 18 companies are members of Effinergie. The quality of commitment is thus warranted by the engagement of individual companies (especially banks) and the quantity by trade associations. Regarding the initiative’s inclusiveness, all main regions of France now participate in it, while other participants are active in promoting the certification through training.

Effinergie is marked by strong reliability. Outputs and outcomes are measured, such as the number of certified buildings and the energy saved when compared to conventional buildings. These figures are also reported by Effinergie and available for download on its website. By offering and promoting certification standards for sustainable building, Effinergie pursues clear and feasible goals. This is reaffirmed by an internal evaluation. The respective report issued by the Observatoire BBC gives a detailed account of sustainable construction according the Effinergie standards in all French regions.

Although Effinergie can be considered a very effective initiative, it is not always cost-neutral for companies owing to the higher costs of initial investment involved in sustainable construction. Since energy prices are rising, it can be assumed that energy-efficient houses are better equipped for the future. However, the immediate effect Effinergie brings about is cost-neutrality at best. Another short-term benefit for business is the higher degree of innovation necessary for sustainable building. On the other hand, the societal effects of certified buildings are immediate. With every energy-efficient house, demand for energy slightly decreases, thereby helping to reduce national carbon emissions.

Companies become proficient in sustainable building by adhering to the standard. This leads to long-term competitiveness, as building regulations become stricter and private demand grows with rising energy prices. Regarding the public case, in terms of continuity, there is a long-term demand for an initiative like Effinergie as well as for further development of its standards (e.g., its new standards on renovations and thermal regulations). In terms of added value, the competitive advantage for companies is complemented by reputational gains and expertise derived from interaction with the public sector, which might lead them to be better qualified than their competitors. As for scalability, similar initiatives already exist in other countries. Likewise, Effinergie has had a spill-over effect on legislation, demonstrating the legal scalability of a soft-law initiative.

Effinergie is an example of how private and public initiatives can complement and enhance each other in the process of creating effective soft and hard law.
It is particularly strong with respect to ownership and impact. Its principle weakness, the high initial costs for business, cannot be directly attributed to the initiative but, rather, are characteristic of sustainable building, which requires more resources at first to save on energy-related costs later.

4. **A better deal for customers: Treating Customers Fairly**

Treating Customers Fairly (TCF) was a mandating initiative that applied to all retail financial service firms in the UK, including small firms and sole traders (see Ch. 11.2). Its purpose was to make sure that customer interests were taken into account at all stages of the life cycle of financial service products. Since it is the only purely mandating initiative in the sample, it was not chosen on the basis of comparison.

The design of TCF was attached to some costs and had a clear focus. Compliance with TCF required rather low costs on the part of companies. While large banks had to demonstrate compliance in regular supervisory meetings with the Financial Services Authority (FSA), smaller firms were subject to thematic review on one aspect of TCF. The actual costs of compliance, however, depended on the companies’ commitment to implementing the TCF principles. Regarding the public case, as a mandating initiative, TCF required public resources to be controlled properly. These temporary resources were mainly related to FSA staff dedicated to TCF. The practicality and appropriateness of the initiative were both well developed. TCF had a direct link to the core business of retail banks, that is, dealing with customers. With respect to appropriateness, the initiative addressed a societal challenge at its roots: the information asymmetry between banks and consumers, leaving the latter in a weak position that has been exploited by the former.

The ownership of TCF receives medium rankings, basically due to its top-down approach. TCF was a governmental reaction to market failures in terms of financial retail conduct. For the industry, the initiative’s aim was a contested challenge, but acceptance grew once the financial crisis struck in 2008 and banks needed government support. This also holds true for the public case since only financial experts from FSA were involved. Moreover, although company commitment seems odd when talking about compliance, due to the nature of CR mandating initiatives, it is relevant and applicable to TCF. The actual integration of the TCF principles into business operations was completely voluntary and had no binding guideline. The impact of TCF shows,

549 CR mandating initiatives are characterised by much leeway in terms of implementation, leaving it up to businesses to decide how to meet a binding goal. CR reporting laws can be seen as an example of this: They require companies to report according to their own standards or to explain why they chose not to (comply or explain approach).
however, that only a small fraction actually met the interim requirements of the initiative, which indicates rather low overall commitment. As for the public case, since there was no involvement of other actors, the issue of inclusiveness is irrelevant.

TCF performs best when it comes to the reliability criteria. The measurement focused on outcomes. The supervisory teams tried to find out whether the implementation of the TCF principles led to improved outcomes for customers, but they also focused on individual issues, such as management information. FSA reported the results of their supervision, although without mentioning the names of the banks in question. Furthermore, the aims of TCF are clear since they are tied to the FSA “Principles of Business”, which include six consumer-related provisions. All banks subject to the initiative were evaluated according to these principles. Since the evaluation was conducted by FSA itself, it is internal.

The immediate effect of the initiative was mixed and depended on the commitment level of individual banks. First, banks were faced either with costs or cost-neutrality. The latter refers to the case when banks treated TCF as a box-ticking exercise. Since non-compliance was not punished, there was no risk of additional costs. However, if a bank decided to implement the TCF principles, it needed to review its business practices, train staff and measure improvements. This gave rise to substantial costs without an immediate benefit, except for the innovation potential in the process of compliance (e.g., developing more transparent financial products). At the same time, the societal outcome of TCF was ambiguous. Whereas the initiative was ended in 2008, with only a small fraction of banks having implemented the principles, the subject remained on the FSA agenda and the TCF assessments were integrated into FSA's core supervisory work.

The long-term impact of TCF has been better than its immediate effect. The initiative had the potential to create a level playing field, as it applied to all financial institutions dealing with retail customers. However, due to its low rate of compliance, this potential was not realised. Regarding the public case, the integration of TCF into the FSA’s core framework can be regarded as further development since it has been upgraded from a complementary initiative to the main responsibilities of the FSA. In terms of added value, all banks could have benefitted from TCF in terms of knowledge and reputation. Although FSA did not offer guidance on how to improve customer relationships, it was an opportunity for organisational change, including feedback from the supervisory teams. Indeed, the potential for reputational gains for all banks were especially visible when the public mood soured over government bailouts for banks in 2008. Regarding scalability, owing to the political context, the initiative could not be scaled to other industries and countries without adjustments. Indeed, FSA had to regulate a powerful industry within a light-touch regulatory framework. Another case study in this book, the Canon of
Good Practice of the Financial Market in Poland (see Ch. 8.2), pursues aims similar to TCF, but it takes a soft-law approach.

TCF is an instructive example of a CR mandating initiative. Although it sets a binding goal for an industry, it leaves it up to companies to decide how they will meet the requirements. The immediate effect is rather limited due to significant costs of organisational change, a lack of guidance and insufficient company commitment, in particular. The latter is evinced by the low overall legitimacy of TCF. Thus, the example shows that, even for a mandating initiative, the commitment and active engagement of an industry (i.e., trade associations and individual companies) is needed in order for CR to work properly.
List of Figures and Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>1.1: Sample of industrial sectors</th>
<th>31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table</td>
<td>1.2: Modes of public-private collaboration</td>
<td>32</td>
</tr>
<tr>
<td>Figure</td>
<td>2.1: Responses by country</td>
<td>42</td>
</tr>
<tr>
<td>Figure</td>
<td>2.2: Sector-specific expertise by country</td>
<td>43</td>
</tr>
<tr>
<td>Table</td>
<td>2.1: CR issues in the five sectors (multiple selections possible)</td>
<td>44</td>
</tr>
<tr>
<td>Figure</td>
<td>2.3: Types of initiative per sector (multiple selections possible)</td>
<td>45</td>
</tr>
<tr>
<td>Table</td>
<td>2.2: Evaluation of initiatives by type in the WRT sector (median ratings; number of respondents per industry in parentheses)</td>
<td>46</td>
</tr>
<tr>
<td>Table</td>
<td>2.3: Evaluation of initiatives by type in the financial services sector (median ratings; number of respondents per industry in parentheses)</td>
<td>47</td>
</tr>
<tr>
<td>Table</td>
<td>2.4: List of interviewed organisations</td>
<td>48</td>
</tr>
<tr>
<td>Table</td>
<td>2.5: Views of European trade associations</td>
<td>57</td>
</tr>
<tr>
<td>Table</td>
<td>2.6: Participants by industry and country</td>
<td>58</td>
</tr>
<tr>
<td>Figure</td>
<td>2.4: Relevance of CR by sector</td>
<td>59</td>
</tr>
<tr>
<td>Figure</td>
<td>2.5: Most relevant global challenges by industry (multiple selections possible)</td>
<td>60</td>
</tr>
<tr>
<td>Figure</td>
<td>2.6: Most relevant CR issues by industry (multiple selections possible)</td>
<td>62</td>
</tr>
<tr>
<td>Figure</td>
<td>2.7: Preferred role of government by industry (multiple selections possible)</td>
<td>63</td>
</tr>
<tr>
<td>Table</td>
<td>3.1: Sector-specific CR in five industry sectors</td>
<td>264</td>
</tr>
<tr>
<td>Table</td>
<td>12.1: Typology of governmental approaches to sector-specific CR</td>
<td>267</td>
</tr>
<tr>
<td>Table</td>
<td>12.2: Number and type of sector-specific CR initiatives documented in Appendix 1</td>
<td>270</td>
</tr>
<tr>
<td>Table</td>
<td>12.3: Number and type of sector-specific initiatives included as illustrative examples</td>
<td>271</td>
</tr>
<tr>
<td>Table</td>
<td>12.4: Performance of and government involvement in sector-specific initiatives</td>
<td>280</td>
</tr>
<tr>
<td>Figure</td>
<td>13.1: Culturally embedded responsibilities</td>
<td>286</td>
</tr>
</tbody>
</table>
List of Abbreviations

BSCI – Business Social Compliance Initiative
CR – Corporate responsibility
CSOs – Civil society organizations
CSR – Corporate social responsibility
DG EMPL - Directorate-General Employment, Social Affairs and Inclusion
DG ENTR – Directorate-General Enterprise and Industry
EC – European Commission
EMAS – Eco-Management and Audit Scheme
EU – European Union
GDP – Gross domestic product
GRI – Global Reporting Initiative
GVA – Gross value added
ICT – Information and communication technologies
ILO – International Labor Organisation
ISO – International Organization for Standardization
MNEs – Multinational enterprises
NGOs – Non-governmental organisations
OECD – Organisation for Economic Cooperation and Development
REACH – Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals
SMEs – Small and medium-sized enterprises
SCR – Sector-specific corporate responsibility
SRI – Social responsible investment
UK – United Kingdom
UNGC – United Nations Global Compact
WRT – Wholesale and retail trade
Contributors

Thomas Beschorner is Chair (full professor) for business ethics and Director of the Institute of Business Ethics at the University of St.Gallen (Switzerland) and Professeur Associé at the CCEAE, Université de Montréal (Canada). His main research interests are business & society, business ethics, CSR.

Marta de la Cuesta González is a full professor at the Applied Economic Department of UNED University (Spain) and head of the Telefonica-UNED Chair Corporate Responsibility and Sustainability. Her research interests are CSR, social responsible investments, and banking and finance.

Tobias Goessling, MA, MSc, PhD is an Assistant Professor of Organisation Studies at Tilburg School of Social and Behavioural Science and senior faculty member at Tilburg Sustainability Center of Tilburg University (the Netherlands). He is Member of the Executive Committee of EBEN, the European Business Ethics Network. His research is rooted in institutional theory and focuses on Corporate Social Responsibility and legitimacy.

Thomas Hajduk is a research assistant at the Institute of Business Ethics at the University of St.Gallen (Switzerland). His research interests are international CR standards and global governance.

Sandra Huber-Ingold is CSR Advisor at the University of Applied Sciences in Business Administration Zurich (Switzerland). Her research interests are Corporate Social Responsibility and the implementation of sustainability management in corporations.

Eva Krauss is a graduate in political science of the University of Freiburg and worked as a research assistant in the department “Business in Society” of the Bertelsmann Stiftung (Gütersloh, Germany). Her fields of interest are (international) economic policy, the European Union and CSR.
Eva Pardo is project coordinator at the Telefonica-UNED Chair in Corporate Responsibility and Sustainability. Her research interests are CSR, social responsible investment and social impact measurement.

Julia Roloff is an Associate Professor at the ESC Rennes School of Business, Department Management and Organization, in France. She has authored over 50 publications in the field of corporate social responsibility, stakeholder management, and sustainability and organizational autonomy in supply chains.

Janusz Reichel is a lecturer and a researcher at the Faculty of Management at the University of Lodz (Poland). His fields of interests are CSR, sustainable development and civil society.

Dr. Anja Schaefer is Senior Lecturer in Management at the Open University Business School (United Kingdom). Her research interests are in corporate responsibility and sustainability, sustainability in small and medium sized enterprises and in business ethics more generally. She has published widely on environmental management and strategy in UK utility companies and on business ethics and sustainability.

Andreas Schmiegelow is a research assistant at the Copenhagen Business School Centre for Corporate Social Responsibility (cbsCSR) in Denmark. His research interests include the political and philosophical aspects of debates about CSR and sustainable development.

Samuil Simeonov is a project manager in the department “Business in Society” of the Bertelsmann Stiftung (Gütersloh, Germany). His areas of interest are business-driven networks, CSR public policy and multi-stakeholder cooperation.

Sabrina Stucki is research assistant at the University of Applied Sciences in Business Administration Zurich (Switzerland). Her research interests are Corporate Responsibility and corruption prevention.

Steen Vallentin is associate professor in CSR at the Department of Management, Politics and Philosophy at Copenhagen Business School (CBS) in Denmark, where he is also associated with the Centre for Corporate Social Responsibility (cbsCSR). His research is mainly focused on the political aspects of CSR, including the role of government, the emergence of new modes of governance and the impact of media and public opinion on corporate communication and action.

Christoph Weber-Berg is Director of the Center for Corporate Social Responsibility at HWZ University of Applied Sciences in Business Administration Zurich (Switzerland). Apart from his research on normative aspects of business ethics he teaches CSR and corporate governance.