

## POSITION PAPER

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### **of the American Chamber of Commerce in Germany e.V.**

on the new EU Strategy (2011-14) for Corporate Social Responsibility (CSR)

October 2012

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*The European Commission published a new EU Strategy (2011-14) for Corporate Social Responsibility (CSR) on October 25, 2011. The new Strategy covers different areas: the Commission intends to enhance the visibility of CSR, improve self- and co-regulation processes, create market reward for CSR, bring forward a legislative proposal on company disclosure of social and environmental information, integrate CSR further into research and education and align European and global guidelines and principles.*

The American Chamber of Commerce in Germany (AmCham Germany) and its member companies endorse the environmental and social responsibilities of companies within the framework of their entrepreneurial actions. Corporate responsibility has a long tradition in the USA and for companies with a German-American background. With their diverse activities the member companies of AmCham Germany make a major contribution to prosperity and at the same time take over responsibility to act sustainably and in harmony with the environment and society.

Against this backdrop, AmCham Germany welcomes the fact that the new CSR initiative of the EU Commission underlines entrepreneurial commitment and the social significance of CSR. Responsible acting by companies should be supported by the EU Commission and a voluntary enhancement of CSR activities should be promoted.

#### **Adapt EU CSR action plan to requirements and structure it inclusively**

In order to actually advance CSR activities and meet the corresponding objectives, some items of the EU CSR Strategy should, however, be modified: in order to generate a comprehensive impact and hence make a large contribution towards solving general social challenges, CSR should not only be exercised by companies but in the same way by all other organizations. This is stipulated by ISO 26000 to which the EU CSR Strategy refers. There is no comprehensible reason for the EU falling short of this approach and intending to restrict requirements in terms of economically, environmentally and socially responsible actions to companies only. The already established international guidelines should be generally recognized and not be undermined by additional European directives. The EU Commission should, moreover, refrain from measures which are contrary to the principle of voluntariness and thwart approaches by companies already successfully implemented in a practice-oriented manner.

#### **Preserve the principle of voluntariness**

The existing European CSR definition, which is based both on the element of voluntariness and on the extra-statutory requirements of CSR activities, is the result of a long consultation process between the different stakeholders and corresponds to the fundamental principles of our economic system.

Companies should be able to decide on a voluntary basis whether and what CSR measures they want to implement. With the EU CSR Communication published in 2006, which acknowledges the principle of voluntariness, the EU Commission made a major contribution towards the successful development and a dynamic enhancement of CSR. It should continue this successful approach consistently.

The voluntary commitment should not be inhibited by new, compulsory reporting on CSR goals and measures – for different business sectors or in general. The publication of social and environmental information should be based on a voluntary guideline and should not be adopted as a legal provision. Transparent CSR reporting has already been a competition driver for some time. Additional bureaucracy would constitute a further burden in particular on small and mid-sized companies and discriminate against companies in Germany and Europe in global competition. As far as reporting is concerned, incentives should likewise be developed for other organizations outside the private business community to report transparently about their economic, environmental and socially sustainable conduct.

The principle of voluntariness in the field of sustainability and responsibility has proven its worth since it leverages the positive forces of competition. The CSR commitment of many companies has considerably increased during the last years. Companies have realized that a high degree of transparency towards employees, customers, investors and the community can have a positive effect on business results.

Against this backdrop, we propose that the EU CSR Strategy refrains from an obligation and relies on a voluntary agreement between all stakeholders since this will achieve considerably higher acceptance and dynamics on the market. Consequently, we argue that a statutory regulation would not be appropriate.

### **Maintain international guidelines and principles as voluntary framework agreements**

We support the reference to the already established international guidelines and principles. Many companies have already committed themselves on a voluntary basis to compliance with these guidelines. The following guidelines and principles should, therefore, continue to lead the way:

- OECD Guidelines for Multinational Enterprises
- 10 principles of the "Global Compact" of the United Nations
- Guiding Principles of the United Nations on Business and Human Rights
- Tripartite Declaration of Principles of the International Labor Organization (ILO) on Multinational Enterprises and Social Policy
- ISO 26000 Guidance Standard on Social Responsibility

Mandatory compliance with the afore-mentioned guidelines and principles is, however, contrary to the spirit of these guidelines since they were originally designed as voluntary framework agreements and drafted as orientation aids for companies. An obligation would only result in additional bureaucratic hurdles. Furthermore, there is a major divergence of opinion concerning compliance with these guidelines in the different countries throughout the world. Different structures and characteristic features of companies likewise lead to individual requirements. For that reason companies should continue to have the possibility to structure their CSR activities in a flexible manner.

We would like to stress, however, that a voluntary commitment of as many companies as possible to one or more of these guidelines and principles is absolutely desirable and should be supported by the EU Commission.

We welcome the intention of the EU Commission to elaborate orientation aids for human rights concerns. However, we do not understand why these orientation aids are to be elaborated for relevant industries. We believe that a cross-sector involvement of all companies would make more sense, because human rights concerns are generally relevant for all companies.

AmCham Germany supports the demand by the EU that all European companies assume their responsibilities and observe human rights as laid down in the guiding principles of the United Nations.

## **Support and extend voluntary exchange of experiences**

We consider the idea of CSR multi-stakeholder forums to be absolutely helpful. The exchange of experience between companies is to be assessed as positive and should be supported and facilitated by the EU Commission. However, here, too, the voluntary character should be preserved. A mandatory participation in such forums would interfere with an open dialogue and would, therefore, not be worthwhile. Constructive contributions can only be made by companies that participate on a voluntary basis and want to advance the dialogue.

At this point we would like to emphasize that a sub-division of multi-stakeholder forums by industries is not helpful. Even companies from the same industry operate under different economic framework conditions. Business models are very different and the corresponding CSR measures are marked by individual value concepts; CSR measures for specific industries are, therefore, rather rare. The CSR strategy of a company is frequently also an integral part of innovative corporate strategies that secure a competitive edge on the market, in particular also within the company's own industry. Consequently, it is not always in the interests of the companies to discuss their CSR strategies with direct competitors. It is this very competition that has resulted in a highly dynamic development of CSR on the corporate level in the private business community; this development should not be inhibited.

The European Commission should, therefore, support and step up the existing commitment and the voluntary dialogue between companies and refrain from adopting cumbersome regulations which would threaten to undermine the progress already achieved.

## **Shape and secure the future together**

In conclusion, we would like to argue the case for the preservation of the proven principle of voluntariness, avoidance of unnecessary bureaucracy and an ongoing leveraging of the dynamics of the market for the development of CSR, since this promises to be most successful. We support an extension of the guidelines and principles to all areas, because by focusing on the private business community alone, the global challenges cannot be solved. The mere reference to ISO 26000 requires CSR not to be limited to companies but involve all organizations, in conformity with ISO. Consequently, the EU CSR Strategy should also refer to organizations and the requirements should equally apply to all organizations. A comprehensive inclusion of all companies, governmental organizations, NGOs and other organizations would constitute a comprehensive approach for economic, environmental and social responsibility and sustainability. In order to secure credibility, it would be particularly important that organizations which impose requirements on companies observe these principles themselves and create transparency with respect to the corresponding goals, measures and results through a CSR report in accordance with ISO 26000. The EU could and should lead by example in this field.

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