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Promoting CSR in a globalised economy

on the occasion of the ILO-OECD Conference on Corporate Social Responsibility
23 June 2008, Paris

Introduction Mr. Gurria, honoured colleagues, dear guests,

It was not without curiosity that I accepted the invitation to this joint ILO/OECD conference, which has in the end turned out to be a genuine **C**, **S** and **R** event. It is essential that we are absolutely clear about addressing the social aspect of corporate responsibility in our discussions today.

However much conceptual fuzz still surrounds the issue of CSR, one thing is clear: social responsibility is where things now stand in international discussions. The S-word is also firmly rooted in worldwide standardisation work on ISO 26000, the social responsibility standard. And that is how things must and will remain, in standardisation, in national policy and in international reference documents. That is why I was pleased to see the special emphasis given to cooperation in the field of social responsibility in the MoU between ISO and OECD concluded in May.

Dresden, Heiligendamm and Niigata

One major reason for the positive perception of Germany's presidency of the G8 is that, despite initial reluctance on the part of some G8 members, we succeeded in introducing the issue of CSR into the dialogue between the leading industrial nations, first at the labour ministers' meeting in Dresden, then at the Heiligendamm summit.

At Heiligendamm, the leaders of the G8 countries called on their corporations – and wider constituencies beyond – to assume a greater degree of social responsibility. They urged this assumption of responsibility above all in the activities of multinational enterprises in the Third World, because a voluntary corporate commitment can make a particularly effective contribution to the social aspects of globalisation.

The G8 leaders also gave undertakings for themselves:

- they agreed to promote CSR at a political level,
- they emphasised that the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration on Multinational Enterprises and the Global Compact are the international references where CSR is concerned, and
- they invited the G5 countries to engage in a high-level dialogue on CSR.

At the Dresden employment ministers' conference the steelmaker Eisenhüttenstadt, a member of the Arcelor-Mittal group, impressively described how a company can achieve long-term profitability while at the same time fulfilling social and ecological missions. You, Mr. Gurria, and the ILO Director General were present at the time. The Arcelor Eisenhüttenstadt presentation convinced everybody there, and in a way broke the ice for a proactive dialogue about CSR and discussion of the role of policy in promoting voluntary corporate responsibility.

We have been on the right track since then and have made significant progress in implementing the conclusions of the Dresden and Heiligendamm meetings.

In accordance with the Group of Eight's wish, the OECD, ILO and Global Compact have jointly taken on the job of compiling international CSR principles and, each in its own field, of working out how to implement them and the extent to which they should be binding. This work will shortly be completed. It will provide a reasoned foundation for international dialogue about CSR for which this joint OECD/ILO event will also provide important input.

The G8 members also agree that the issue of CSR should remain on the agenda both within the G8 and in the Heiligendamm Process between the G8 and G5 countries. That has happened this year under Japan's presidency of the G8. The contribution of CSR to shaping the social dimension of globalisation was brought up at the employment ministers' conference in Niigata just over a month ago. What impressed me most was the great interest in dialogue on CSR shown by both Thailand's employment minister, speaking

for ASEAN, and her Indonesian colleague as hosts of this year's ASEM Labour and Employment Ministers Conference (both were invited as guests to Niigata as part of the outreach programme). They both link it with the great hope that, by assuming their social responsibility, multinationals in particular will promote social, environmental and economic development in the Asian countries. We were given the same impression by Brazil's minister for social affairs, invited by Germany to Dresden as a guest in 2007. Another remark in conclusion: the dialogue on CSR will be continued at the ASEM Labour and Employment Ministers Conference mentioned earlier, showing that it is also an increasingly important issue in developing countries.

Progress is also being made in the Heiligendamm Process dialogue, where the definition of CSR and CSR issues are still hotly debated. I am confident that truly significant impetus for the international dialogue on CSR will be given by this conference and the second meeting of the Heiligendamm investment working group also scheduled for this week, in which to the best of my knowledge representatives of socially responsible corporations and the social partners will also be taking part.

National CSR strategies

Today and tomorrow we have a great opportunity, in cooperation with all stakeholder groups (except consumers) to move the international CSR dialogue forward. To achieve that, it is necessary first to precisely analyse the factors that stand in the way of international consensus on CSR and the role of policy. Second, we need to take stock of the national experiences of CSR strategies, multi-stakeholder forums and business networks presented to us here and learn from one another in the framework of a best practice approach.

It is something we are doing ourselves in developing our national CSR strategy in Germany.

I should like to briefly describe which areas of action and issues are important in Germany and what our next steps will be.

At a CSR conference in Berlin in late April, we identified areas of action and current CSR issues of particular relevance to Germany and discussed them with stakeholders.

It was clear that the issue of "decent work" is particularly important. It can be seen from relations with the workforce whether management takes corporate responsibility seriously. But "decent work" is more than just a social concern and a welfare-state obligation: it is a necessity for society as a whole. For us, not least because of demographic trends, "decent work" is an area of action that is of relevance to CSR.

Another issue is the environment. Environmental standards in Germany are good and high. That is why for us starting points for responsible behaviour are to be found above all in issues about growing mobility, rising demand for energy or population growth in some regions. Responsibility throughout the supply chain is another issue which, though not new, is just as relevant now as it ever was. Standards initiatives like 4C, the Common Code for the Coffee Community, have proved to be effective instruments in this respect. The next step must be to integrate whole sectors of the economy into standards initiatives and build capacity and know-how among enterprises.

Those are current CSR issues that we discussed at the conference. We intend to pay particular attention to three aspects in the future.

First, consumers are relevant in all these areas. They can make a decisive contribution to promoting commitment to CSR. Awareness is increasing. We want to encourage consumers to exert their influence more effectively.

Second, small and medium-sized firms have a particular role to play in Germany also. We want to give them targeted support where corporate responsibility is concerned, especially in making their commitment visible.

Third, as a public administration we must set the right example. Again and again, public procurement was identified as an important area of action on the policy side, with stakeholders calling on policymakers to take the initiative.

Those are the issues we are discussing in Germany. So where should we go from here? The website www.csr-in-deutschland.de is now online. For the first time, there is a central CSR contact point on the internet in Germany. It is only available in German at the moment, but we will shortly be offering an English version.

Next, we are planning to create a CSR advisory board made up of well-known figures who stand for CSR. The board will then organise dialogue on the key issues with all stakeholders.

And we will create a business platform, a reference list of good examples in Germany of enterprises that support particular values and a common code. One thing is certain: we will be guided by existing instruments. We are not starting from scratch but building on what is already there. We are building on the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration and the UN Global Compact. We lobby for these instruments at events with enterprises and, in cooperation with the OECD and ILO offices in Germany, engage in successful publicity campaigns to raise awareness of them. The national contact point for the OECD Guidelines is part of this effort. We recently strengthened the contact point in Germany through an inter-agency initiative which should further raise its profile.

For the Global Compact, a national network has been set up in which several government agencies work together. The German Global Compact network and the ECONSENSE network, as the country's foremost business-led CSR initiatives, are doing brisk business.

Lastly, the Ministry is stepping up its efforts on the CSR issue as part of its bilateral international cooperation. A joint German-Indian working group on CSR is due to be set up in October. It is another way for us to put into practice the G8 employment ministers' decision to engage in dialogue on CSR with the governments of newly industrialised and developing countries. Only together can we take CSR forward.

CSR is important to us. We want to set a good example and play an active role, together with the social partners and other stakeholders.

Thank you for your attention.